

**LEGISLATIVE COUNSEL
FILE COPY
FOREIGN ASSISTANCE ACT OF 1974**

**REPORT
OF THE
COMMITTEE ON FOREIGN AFFAIRS
TOGETHER WITH
OPPOSING, SEPARATE, SUPPLEMENTAL,
ADDITIONAL, AND MINORITY VIEWS
ON
H.R. 17234
TO AMEND THE FOREIGN ASSISTANCE ACT OF 1961,
AND FOR OTHER PURPOSES**



OCTOBER 25, 1974.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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CONTENTS

	Page
Committee action.....	1
Principal purposes of the bill.....	1
Funds authorized.....	2
Summary of major policy provisions in the bill:	
Middle East.....	4
Indochina.....	4
Military assistance and credit sales.....	4
General.....	5
Cost estimates.....	6
Background of principal programs in the bill:	
The Middle East package.....	7
Indochina aid.....	8
Security assistance.....	9
Development assistance.....	10
Oversight and review of the Foreign Assistance Act:	
Implementation of congressional reforms.....	12
First rule: self restraint.....	13
Impact of world inflation.....	14
Concentrate on development.....	14
AID's progress.....	14
The job ahead.....	15
Food and nutrition.....	16
Integrating women into national economies.....	18
Development Coordination Committee.....	19
Employment of personnel.....	20
Center for Plastic and Reconstructive Surgery.....	21
Provisions of the bill:	
Title I—Middle East Peace:	
Section 2—Policy, allocations, Special Requirements Fund.....	22
New Section 901—Statement of policy.....	22
New Section 902—Allocations.....	22
902(a)—Military grant assistance.....	22
902(b)—Security supporting assistance.....	23
Suez Canal clearance.....	24
Reconstruction/development of Suez Canal area.....	24
Commodity import program.....	25
902(c)—Foreign military sales.....	25
New Section 903—Special Requirements Fund.....	25
903(a)—Authorization of Fund.....	25
903(b)—Report to Congress.....	26
903(c)—Earmarking for UNRWA.....	26
Section 3—Repeal of prohibition against aid to Egypt.....	27
Section 4—Prohibition against funding nuclear powerplants.....	27
Title II—Indochina Aid:	
Section 5—Authorizations and prohibitions.....	27
Authorization of Indochina aid (sec. 802(a)).....	27
Prohibitions (sec. 802(b) and (c)).....	28
Authorization for ICCS (sec. 802(d)).....	28
Section 6—Assistance to Vietnamese children.....	29
Section 7—Ceiling on fertilizers to South Vietnam.....	29
Title III—Other Foreign Assistance Act Amendments:	
Section 8—Food and nutrition authorization.....	30
Section 9—Population planning and health authorization.....	30
Section 10—Limitation on use of funds.....	31

(III)

IV

Provisions of the bill—Continued	
Title III—Other Foreign Assistance Act Amendments—Continued	Page
Section 11—Agricultural credit programs.....	32
11(a)(1)—Title	33
11(a)(2)—Authority	33
11(a)(3)-(5)—Conforming changes	33
11(b)—Repeal of old authority	33
Section 12—Housing guaranties	34
Section 13—Population growth earmarking	34
Section 14—International organizations and programs	34
Section 15—Security assistance and human rights	35
Section 16—Military assistance	35
16(a)(1)—Authorization	35
16(a)(2)—Military training in the Canal Zone	37
16(a)(3)—Special drawdown authority	37
16(a)(4)—Military assistance to South Vietnam	37
Section 17—Transfer of conventional weapons	38
Section 18—Security supporting assistance	38
Section 19—Presidential waiver on prohibitions on aid	39
Section 20—Repeal of prohibition on aid to Greece	39
Section 21—Suspension of military assistance to Turkey	39
Section 22—Limitation on security assistance to Chile	40
Section 23—Excess defense article value in annual report	40
Section 24—Famine or disaster relief/contingency fund	41
24(a)—Famine or disaster relief	41
24(b)—Contingency fund	41
Section 25—Change in allocation of foreign assistance	41
Section 26—Voluntary agency personnel in Cambodia	42
Section 27—New sections to act:	
New section 659—Reimbursable development programs	42
New section 660—Limiting intelligence activities	43
Section 28—Ceiling on military assistance to South Korea	44
Section 29—Limitation on assistance to India	45
Title IV—Foreign Military Sales Act Amendments:	
Section 30:	
30(1)—Conditions of eligibility	45
30(2)—Federal Financing Bank	45
30(3)(A)—Authorization	46
30(3)(B)—Aggregate ceiling	46
30(4)—Latin American and African regional ceilings	47
30(5)—Prior reports to Congress on sales of defense articles and services	48
Section 31—Definition of value of excess defense articles	49
Title V—Amendments to Other Laws and Miscellaneous:	
Section 32—Feasibility study of access to raw materials	49
Section 33—Gorgas Memorial Institute	50
Section 34—Puerto Rico's participation in the Caribbean Develop- ment Bank	51
Changes in existing law made by the bill, as reported	53
Opposing views of Hon. Donald M. Fraser	73
Separate views of Hon. Benjamin S. Rosenthal	75
Supplemental views of Hon. Lester L. Wolff	76
Additional views of Hon. Michael J. Harrington	77
Minority views of Hon. H. R. Gross	79
Supplemental views of Hon. Edward J. Derwinski	80

FOREIGN ASSISTANCE ACT OF 1974

OCTOBER 25, 1974.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MORGAN, from the Committee on Foreign Affairs,
submitted the following

REPORT

together with

OPPOSING, SEPARATE, SUPPLEMENTAL, ADDITIONAL,
AND MINORITY VIEWS

[To accompany H.R. 17234]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 17234) to amend the Foreign Assistance Act of 1961, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

COMMITTEE ACTION

On April 24, 1974, the President sent to the Congress a foreign aid message (H. Doc. 93-293) accompanied by a draft bill which would authorize funding for international security and related programs for fiscal 1975.

The committee began its hearings on the President's proposals June 4, with Secretary of State Henry A. Kissinger as the leadoff witness. There followed 12 hearing sessions extending more than a month, at which 29 witnesses were heard, including the Secretary of Defense.

In addition, the committee devoted 15 open markup sessions to revise the administration's draft proposal. Upon completion of the markup, Chairman Morgan introduced H.R. 17234 on October 10, 1974, for himself, Mr. Zablocki, Mr. Fascell, Mr. Hamilton, Mr. Wolff, Mr. Bingham, Mr. Frelinghuysen, Mr. Whalen, Mr. Biester, and Mr. Winn.

On October 11, 1974, the committee ordered the bill favorably reported by a voice vote.

PRINCIPAL PURPOSES OF THE BILL

The principal purposes of the bill are to authorize appropriations totaling \$2,643.3 million for fiscal 1975 for certain international security, assistance, economic assistance, and military credit sales programs.

The following table compares the amounts of authorized aid appropriated in fiscal 1974 with the amounts requested by the executive branch and recommended by the committee for fiscal 1975:

(1)

FUNDS AUTHORIZED
(In millions)

	FY 1974 Authorization	FY 1974 Appropriation	Supplemental and New FY 1975 Executive Requests	House Recommendations	Difference from Request
Development Assistance:					
Food and Nutrition (Sec. 103)	\$ 291.0	\$ 284.0	\$ 255.3 *	\$ 180.3 *	- \$ 75.0
Population Planning & Health (Sec. 104)	145.0	135.0		20.0 *	+ 20.0
Population Growth (Sec. 292)	(125.0) 1/	(112.5) 1/		(150.0) 2/	(+ 20.0)
International Organizations & Programs	127.822	125.0	3.9 *	4.4 * 2/	+ 0.5
Contingency Fund	30.0	15.0		(5.0) 4/	(- 25.0) 4/
Famine and Disaster Relief				(15.0) 4/	(+ 15.0) 4/
UNRWA	5/	5/	100.0	100.0	
Middle East Special Requirements				(6.0) 6/	(+ 6.0)
Indochina Postwar Reconstruction	504.0 2/	450.0 8/	939.8	573.4 9/	- 366.4
Vietnamese Children	(5.0)	(5.0)		(10.0)	(+ 10.0)
Security Supporting Assistance	125.0	112.5	385.5 10/	585.5 11/	+ 200.0
Israel	(50.0)	(50.0)		(250.0)	
Egypt				(250.0)	
Military Assistance Programs	512.5	450.0	985.0 12/	745.0 12/	- 240.0
Israel				(100.0)	
Foreign Military Credit Sales	325.0 14/	325.0 14/	555.0 15/	405.0 16/	- 150.0
Israel	(300.0)	(300.0)		(200.0)	
International Control Commission			27.7	27.7	
Gorgas Memorial	.5	.5	.5 17/	2.0 17/	+ 1.5
	2,060.822	1,897.0	3,252.7	2,643.3	- 609.4

*In addition to previously authorized amounts.

FOOTNOTES

- ¹ Earmarked from Part I funds for this purpose.
- ² \$130 million previously earmarked from Part I funds for this purpose for fiscal 1975.
- ³ Of which not less than \$500,000 to be available for contribution to the International Atomic Energy Agency as technical assistance in kind.
- ⁴ \$30 million contingency fund authorization split into 2 categories and read \$10 million each.
- ⁵ Funds contributed to UNRWA from international organizations and programs authorization. In addition, for fiscal 1974, there was a separate authorization and appropriation of \$2 million for vocational training of Arab refugees.
- ⁶ Resettlement authorization for contribution toward settlement of deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East earmarked from Special Requirements Fund.
- ⁷ \$5 million of which earmarked for assistance to Vietnamese children and \$12,000 earmarked for the Center for Plastic and Reconstructive Surgery in Saigon.
- ⁸ Senate earmarked \$5 million of local currency equivalent for assistance to Vietnamese children and \$12,000 for Center for Plastic and Reconstructive Surgery in Saigon; House report agreed with intent to make such earmarkings of funds.
- ⁹ \$10 million of which earmarked for assistance to Vietnamese children. Extended, up to \$377.5 million made available for security assistance in the Middle East.
- ¹⁰ Of which \$377.5 million made available for security assistance in the Middle East, of which not less than \$250 million made available for Israel and \$250 million for Egypt.
- ¹¹ Extended, up to \$300 million of which made available for the Middle East.
- ¹² Up to \$200 million of which made available for the Middle East, and not less than \$100 million made available for Israel.
- ¹³ Of the aggregate ceiling on credits and guarantees authorized to be extended, not less than \$300 million made available to Israel only for Israel.
- ¹⁴ Of the aggregate ceiling on credits and guarantees authorized to be extended, up to \$330 million made available for countries in the Middle East.
- ¹⁵ Of the aggregate ceiling on credits and guarantees authorized to be extended, up to \$230 million made available for countries in the Middle East.
- ¹⁶ Extended, up to \$500,000 previously authorized. The fiscal 1975 appropriation is now in conference (H.R. 15580).

SUMMARY OF MAJOR POLICY PROVISIONS IN THE BILL

MIDDLE EAST

1. States the sense of Congress that no aid should be given to any nation in the Middle East which denies its citizens the right to emigrate.
2. Earmarks \$100 million in military grant aid for Israel; \$250 million each in security supporting assistance to Israel and Egypt; and \$200 million in military credit sales to Israel.
3. Establishes a \$100 million Special Requirements Fund in the Middle East but makes individual fundings subject to concurrent resolution disapproval by Congress.
4. Earmarks \$6 million of Special Requirements Fund for UNRWA projects to benefit Palestinian refugees.
5. Prohibits the use of the Special Requirements Fund to help provide nuclear powerplants for Israel or Egypt.

INDOCHINA

1. Limits aid to South Vietnam, Laos and Cambodia to assistance authorized in section 802 of the Act; other aid funds could only be used in Indochina with a Presidential waiver, subject to concurrent resolution veto by Congress.
2. Earmarks \$10 million of Indochina aid funds for assistance to Vietnamese children.
3. Transfers military assistance to Vietnam from the Department of Defense budget to the foreign aid authorization for fiscal 1976.
4. Exempts contract employees of humanitarian relief agencies from legislated personnel ceilings on U.S. officials and third country nationals in Cambodia.
5. Places a ceiling of \$85 million for fertilizer assistance to South Vietnam in fiscal 1975 and one-third of the total AID purchases in future fiscal years.
6. Provides for a Presidential waiver of prohibitions on nations trading with North Vietnam.

MILITARY ASSISTANCE AND CREDIT SALES

1. Tightens restrictions on the use of excess defense articles for foreign military aid by requiring that all grants of excess articles be charged to military assistance funds at not less than one-third of the acquisition cost of the article.
2. Sets ceilings on categories of military aid to South Korea: military assistance, \$100 million; excess defense articles, \$15 million.
3. Sets limitations on military assistance and credits to Chile in fiscal 1975, including: (a) a ceiling of \$800,000 in military training to be conducted in the United States or Canal Zone; (b) no other form

(4)

of military aid or sale, cash or credit, is permitted unless the President determines that Chile is making improvements in observing human rights; and (c) a post-waiver aggregate ceiling of \$10 million on military sales credits or ship transfers.

4. Requires the President to submit quarterly reports to Congress on all sales of defense articles under the Act, and to report to Congress 20 legislative days before any foreign military sale of \$25 million or more is concluded.

5. Repeals \$150 million ceiling on U.S. military aid and credit sales to Latin America; retains \$40 million ceiling for Africa, but adds Presidential authority to waive limitation.

GENERAL

1. Subjects section 610 transfer authority and section 614 waiver authority to concurrent resolution veto by Congress if invoked to use development aid funds for countries in the Middle East, Indochina or for other nations receiving security supporting assistance.

2. Expresses sense of Congress that nondevelopment assistance be denied or substantially reduced to countries which permit violations of human rights.

3. Authorizes and earmarks an additional \$20 million for population control programs.

4. Restructures contingency funds into two accounts: \$15 million for disaster relief; \$5 million for other emergency purposes.

5. Prohibits use of any contingency funds to pay for gifts to foreign government officials.

6. Authorizes participation of the Commonwealth of Puerto Rico in the Caribbean Development Bank, with no financial obligation to the U.S. Government.

7. Establishes a prohibition on further military assistance or sales to Turkey until the President certifies to Congress that a "substantial good faith effort" is being made by Turkey toward achieving a settlement on Cyprus.

8. Further restricts reallocation of foreign aid funds among countries from amounts reported to Congress.

9. Authorizes use of foreign aid funds to assist friendly countries, particularly aid "graduates," for reimbursable aid programs which will help assure open and fair access to resources of interest to the United States.

10. Limits economic and military assistance to India in fiscal 1975 to \$50 million.

11. Requires a report from the President to the Congress on the feasibility of using U.S. foreign assistance mechanisms to develop access to needed raw materials at a reasonable cost, through barter and other appropriate means.

12. Limits funds appropriated under the Foreign Assistance Act or any other act from being used by the Central Intelligence Agency for other than intelligence-gathering operations in foreign countries, unless the President finds each such action important to the national security and informs the appropriate committees of Congress.

13. Increases the authorized ceiling for the Gorgas Memorial Institute in the Canal Zone to \$2 million annually.

COST ESTIMATES

Pursuant to clause 7 of Rule XIII of the House Rules, the committee has examined the requests submitted by the President to carry out the various programs authorized by this bill. It has made adjustments in the requests and recommends \$2,643,300,000.

It is not possible to project the amounts that will be spent on foreign assistance over the next 5 years. The entire program is under review by the legislative and executive branches. Such a projection is further complicated by constantly changing foreign policy interests of the United States.

(6)

BACKGROUND OF PRINCIPAL PROGRAMS IN THE BILL

THE MIDDLE EAST PACKAGE

The United States clearly has a vital stake in a peaceful resolution of the Arab-Israeli conflict in the Middle East.

Elements of our Nation's interests are:

A longstanding concern for the security of Israel.

The necessity of improved relations with Arab countries.

The dangers to worldwide peace should the Middle East conflict lead to great power confrontation.

The requirement for a cooperative approach to the energy problem, including oil supply and price issues.

At the end of the October War in the Middle East, the United States faced a number of difficult challenges:

The Arab nations had become convinced that the United States had wholly sided with Israel, and that Arab and U.S. aims were irreconcilable.

Relations with Europe and Japan were strained because of the oil boycott and differences over reaching a settlement in the Middle East.

The Soviet Union had emerged in a more active, and threatening, role as protector and military supplier of several Arab states.

Israel, having suffered significant losses, faced an uncertain future and had pressing military supply needs.

As the result of diplomatic initiatives by the United States and the receptiveness of key Middle East leaders to an American role in settling the dispute, there have been important steps toward a permanent cease-fire and hopefully an ultimate settlement.

The foreign assistance involved in what has come to be known as the Middle East package is designed to contribute to our national objective in the region—a durable peace. Foreign aid will not, of course, insure peace, but it is a vital supplement to our diplomatic efforts.

More specifically, through this program the United States would accomplish these objectives:

Israel would be provided with \$250 million in grants to help support its economy and thus be relieved of some of the heavy economic burdens imposed in the aftermath of the October War.

Israel would be provided \$100 million in grant military aid and \$200 million in military sales credits to permit the restructuring and modernization of its armed forces, in order to insure a continuing military strength at a time of changing defense requirements.

Jordan would be extended an estimated \$78 million in economic aid and close to \$125 million in military grants and credits to

enhance its security and aid economic progress and thereby enable it to play a role in peace talks and to continue as a force for Arab moderation.

Egypt would be provided \$250 million in economic assistance to permit the reopening of the Suez Canal and help with the reconstruction of the important cities along its banks. The aid would encourage the actions of Egyptian leaders to move from confrontation with Israel to negotiations, and would strengthen friendly relations with the United States.

A Special Requirement Fund would be used to reinforce the peace process as negotiations proceed. Particularly, if relations with Syria develop favorably, some economic assistance to repair war-damaged regions could be made available to that country.

The Congress has an important role to play in shaping U.S. foreign policy, as a partner with the President and executive branch. It is now within the power of the Congress by authorization of these assistance funds to exercise its responsibilities in a way which will enhance the cause of peace in the Middle East and provide U.S. peace initiatives with needed new momentum.

INDOCHINA AID

Almost 2 years have elapsed since the Agreement on Ending the War and Restoring the Peace in Vietnam was signed in Paris. During that period all American ground combat forces have been removed from South Vietnam and U.S. air combat actions have been terminated over Vietnam, Cambodia, and Laos.

For the first time in more than a decade it is possible to say that no American troops are serving in combat.

And yet in this "postwar" era, hostilities continue in many parts of Indochina:

In South Vietnam the level of conflict has diminished from the intensity of 1972, but continues to produce significant destruction and casualties. Of increasing importance is "economic warfare" against South Vietnam designed to break the political will of its people.

In Cambodia fighting continues to be heavy as Khmer Communists attempt to capture surrounded towns and disrupt lines of communication into the capital. The economy of a once-prosperous country has been wrecked and millions of Cambodians have become refugees.

In Laos, where a coalition government has been established, there is new-found peace, but massive problems of reconstruction, rehabilitation and refugees remain.

The economy of South Vietnam continues to require substantial U.S. assistance. Among the factors in the country's economic weakness are:

The presence of substantial numbers of North Vietnamese troops in South Vietnam requires the Government of that country to maintain a military establishment of 1,100,000 persons which is disproportionate to its population and resources.

As a result of the U.S. troop withdrawal, an estimated \$235 million in foreign exchange annually was lost.

Dramatic increases have occurred in the world prices of fertilizer, foodstuffs and petroleum.

As a result, the South Vietnamese economy in 1973 experienced a sharp recession, which accelerated domestic inflation to 50 percent during the year. The physical level of imports fell to 65 percent of the peak year of 1969, despite a 3.5 million growth in population.

U.S. assistance to South Vietnam is aimed at the earliest possible development of a self-sustaining economy. That country has taken self-help measures, including an austerity program, increased tax collections and raised exports.

More specifically, U.S. assistance to South Vietnam goes to:

Assist millions of refugees and other displaced persons to rebuild their lives and restore the fabric of a wartorn society.

Help reconstruction of vital infrastructure elements damaged by war.

Stimulate the agricultural sector of Vietnam's economy to permit it to be self-sufficient in food and ultimately to return to a position of food exporter.

Promote economic development through assistance to key industrial activities.

In Cambodia the United States seeks a negotiated settlement. The Government of the Khmer Republic has offered unconditional talks, but the other side has refused. It is under heavy pressure and requires U.S. economic and military assistance simply to survive.

If a negotiated settlement, rather than a bloodbath, is to be the outcome in Cambodia, continued U.S. aid is required.

In Laos, U.S. aid will help the country shift from war to rehabilitation and reconstruction by providing assistance to refugees, agriculture, and certain important public works projects.

The committee has given Indochina aid its close scrutiny and believes that U.S. policy objectives in Indochina can be achieved at a substantially lower cost than the request from the executive branch. It has, therefore, authorized \$573.4 million, a reduction of \$366.4 million from the amount asked by the executive branch.

SECURITY ASSISTANCE

For the past 25 years the United States has furnished security assistance to friendly countries and allies, for internal security, for legitimate self-defense, to permit the recipient country to participate in regional and collective defense arrangements or for the purpose of assisting foreign military forces in less developed countries to construct public works and to engage in other activities which contribute to the economic and social development of such friendly countries. In some cases military assistance is furnished in return for military bases, staging facilities and transit rights being provided to U.S. forces.

Security assistance has three major components:

Grant military assistance which consists of equipment, supplies, services and training to help recipient countries to meet urgent and priority defense needs when those requirements cannot be satisfied in any other way;

Security supporting assistance which is economic in nature and designed to support or promote economic or political stability;

Foreign military sales credit assistance which helps reduce the number of countries receiving grant military assistance by enabling them to purchase defense articles and services from the United States.

The committee is fully aware of the need to furnish some grant military assistance to certain friendly countries and allies. Every effort should be made, however, to reduce these programs as rapidly as possible consistent with the security interests of the United States and of the recipients of such assistance.

Section 505 (c) of the Foreign Assistance Act directs the President to terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it to maintain and equip its own military forces at adequate strength without undue burden to its economy.

The United States faces serious economic difficulties both domestically and internationally. There is a limit to the resources that can be made available for military assistance. Furthermore, many recipients of grant military assistance are reaching the point where they are increasingly able to provide for their defense needs from their own resources.

It is the committee's judgment that the President should take steps to implement the provisions of section 505 (c) and reduce the grant military assistance programs not only with respect to money amounts but also with respect to the number of countries receiving such assistance.

The committee has cut the Executive request for assistance in this category by \$190 million. The recommended authorization which includes funds for the Middle East peace package, allows \$745 million for grant military assistance, \$585 million for security supporting assistance and \$405 million for foreign military credit sales.

DEVELOPMENT ASSISTANCE

Last year the committee wrote into the Foreign Assistance Act a fundamental reform of the U.S. bilateral development aid program. The main purpose of the reform was to put an end to all transfers of resources which can be handled by the private sector, by the World Bank or by regional and other international institutions, and to make the development aid program directly responsive to the most pressing problems confronting the poor majority in the developing countries. The Agency for International Development is currently undertaking the complex task of turning the program in this new direction.

Development of the poor countries is important to the United States for a variety of reasons, many of which have been apparent for decades. However, the situation that confronts the world at the moment is such that its importance is highlighted.

There is no longer any question in most people's minds—since the oil crisis, the food crisis, and the inflation crisis that have shaken the world in the last year—that what happens in other parts of the globe, including specifically the developing countries, can have profound effects not only on our military security but on our economic security.

The United States, with all its power and wealth, is not immune from economic forces at work in the developing world—which ac-

counts for three-fourths of the world's population and involves 60 percent of the world's land surface.

To take the example of the \$180.3 million in this bill for food production and nutrition, it has become apparent since the 1972-73 massive sale of grain to the Soviet Union that the world is eating out of one pot, and that shortages of food anywhere drive up world market prices for food and quickly make themselves felt in the prices posted at the local supermarket. It is clear now, as never before, that the American consumer, the American farmer, and the American economy as a whole, have a vital stake in increasing the amount of food produced in the world.

If the United States can, without neglecting our own agricultural production, contribute to increased food production abroad, we are helping ourselves in the process. If increases in food production in the developing countries are less costly to achieve—and there exists persuasive evidence that that is the case—then we are contributing to a slowing of food prices both here and abroad by helping those countries to achieve such increases.

Given the rising demand for food caused by both greater affluence and greater population, there is no way to produce the amount of food the world needs now and the even larger amounts it will need in the future without enormous increases in the cost of production, and in prices—except through greater productivity on the farms of the developing world.

There is also persuasive evidence that increased small farm productivity is the key to broad-based rural development in the poor countries and that rural development—providing the poor in rural areas with the means of participating in the economic life of their country and of leading productive and dignified lives—is the key to slowing population growth rates which, if left unchecked, will place enormous burdens on the resources of this finite planet and on man's capacity to live at peace with those who share those limited resources.

OVERSIGHT AND REVIEW OF THE FOREIGN ASSISTANCE ACT

In accord with the letter and spirit of the Legislative Reorganization Act of 1970 and the Committee Reform Amendments of 1974, the committee wishes to express comments, observations, conclusions, and recommendations on certain provisions of the Foreign Assistance Act:

IMPLEMENTATION OF CONGRESSIONAL REFORMS

Well over a year ago, on July 26, 1973, the House passed the Foreign Assistance Act of 1973 containing provisions calling for reform of the AID development assistance program. A week later, on August 2, the Senate Foreign Relations Committee reported a bill containing similar provisions.

These reform provisions contributed greatly to the success of the legislation. Indeed, there is considerable doubt that the Congress would have continued the AID development assistance program at more than token levels had Members of Congress on both sides of the Capitol not stressed the new direction in which the program was about to embark.

By the time the 1973 legislation was well along in the Congress, AID had on its own begun to move in the direction contemplated by the new legislation. Passage of the new legislation in December 1973 provided a crucial impetus to the gradual movement in the new direction already underway.

During the year and a quarter since passage of the reform bill appeared assured, AID has made a substantial effort to implement the reform proposals. But there is still a long way to go before the Agency can be said to have complied fully with the congressional directives. Much of the Agency's response so far has been undertaken through ad hoc task forces and working groups, whose work has yet to be fully institutionalized. The reforms have been translated into actual programs in some countries where top mission officials have been receptive and where, in some cases, they have led the way; in other cases, mission officials seem unwilling or unable to translate new policy directives into program changes. The Agency has not yet developed a comprehensive, permanent system for ensuring implementation of the reforms.

Still, the shift is occurring. To say that there is a long way to go is not to suggest that no movement has taken place—or, indeed, that AID is not moving as quickly as one might expect of a large government organization in AID's situation. On the contrary, the Agency has moved quite rapidly in some areas, given the far-reaching nature

of the reforms it has been called upon to undertake and the difficulties which it faces in attempting to effect what amounts to a radical transformation of its program activities.

The most serious difficulty is the complexity of the task the Agency must perform. Another major problem is that in the face of this complexity, the proper application of the intent of the Congress to particular Agency procedures and specific programs is not always readily apparent. As a result, the Agency is still struggling with the precise meaning of the congressional mandate. Although there appears to be widespread agreement within the Agency on the general direction in which the Congress wants the Agency to move, attempts to put flesh on the framework tend to raise questions.

FIRST RULE: SELF-RESTRAINT

While the committee cannot provide the Executive with detailed guidelines for implementation of the reforms in all particulars, the committee believes that the main thrust of the congressional intent is clear and that the Executive should be able to discern and follow it.

The committee will state again that it conceives of the U.S. bilateral development aid program not as a significant means of transferring capital resources to the poor countries, but as a means of helping those countries deal directly with the problems of most vital concern to their poor majority.

In addition, there are many worthwhile activities which the committee expects AID to leave to other sources of funding. The Agency must more forcefully convey to host countries the notion that sensible activities which a country may need are not necessarily those which the Congress intends the U.S. bilateral development aid program to fund and that countries should explore other potential sources of assistance.

Activities that may happen to fall into the sectors of emphasis—agriculture, rural development, and nutrition; health and population; and education—but which are not specifically designed to reach directly to the problems of the poor majority, are not in accord with the intent of the reforms.

Moreover, activities should be judged not merely on whether they are intended to benefit the poor, but on whether they are designed to enable the poor to take an active part in the economic life of the country and to lead more productive and dignified lives. The point is not handouts, but participation.

It is the committee's view that there is no need to carry out a U.S. bilateral development aid program in every poor country, or in every poor country we have assisted in the past, or in every poor country of diplomatic importance to us. Recognizing the desirability of giving poor-country governments and AID missions time to adjust to the new direction, the committee believes that programs and missions should be phased out if, after an appropriate effort has been made, the conclusion is reached that a particular country is at the moment unsuited to the kind of program envisaged by the 1973 legislation.

IMPACT OF WORLD INFLATION

The committee also wishes to make clear that the international economic situation that has arisen since passage of the 1973 legislation has not changed its conception of the purposes for which the funds approved for chapter 1 of part I of the Foreign Assistance Act are to be used. The AID development assistance program is not meant to be used for the objective—however important—of helping to bail out poor countries faced with high oil bills or high fertilizer bills or high food import bills. While the committee views with concern the absence of a concerted international effort of sufficient scope to prevent serious hardship for the people in the poorest countries, it does not intend the limited funds available to AID for development purposes to be diverted to the admitted worthy goal of making up the capital shortfalls of the most seriously affected countries.

CONCENTRATE ON DEVELOPMENT

In view of the complexity of the task of turning a large and varied program operating in many different countries in a sharply new direction, the top management of the Agency would have a full-time job on its hands if it focused exclusively on insuring prompt implementation of the reforms in the development aid program. However, a great deal of the time and attention of the Agency's top management has been absorbed by security aid matters (including the problems associated with the security aid portions of this legislation). The committee therefore wishes to make it clear to the Executive that it expects adequate time and energy to be devoted to assuring implementation of the development aid reforms—not merely through issuance of policy directives (useful as they may be), but through careful development and firm insistence on the systems, structures, procedures, incentives and educational effort that alone can insure full implementation of the reforms.

In this connection, the committee views with concern the recent AID reorganization which abolishes the Bureau for Supporting Assistance and divides its two main functions—economic aid to Indochina and the Middle East—between two newly created geographic bureaus, one to handle programs in the Near East (including north Africa) and South Asia and the other to handle programs in East Asia. This reorganization aligns AID's bureau structure with the geographic structure of the State Department and should on that account lessen some confusion. But the result is to mix security aid and development aid in both new bureaus, leaving no Assistant Administrator free to concentrate exclusively on development problems in Asia. The committee wishes AID to assure that the new organization will not prejudice AID's primary mission of addressing development problems.

AID'S PROGRESS

Despite the variety of difficulties it faces, AID has taken a number of steps that evidence a sincere and serious attempt to implement the reforms. The committee wishes to point out especially the steps which the Agency has taken with respect to one particular aspect of the re-

forms—the greater involvement of private organizations in the development effort. Over the past year, AID has had extensive contacts with American private and voluntary organizations involved in overseas programs through a series of workshops and conferences, as well as in other ways, to try to work out a better and more fruitful relationship and to enlist the services of these organizations in the effort to make development work for the poor in the developing world. The Agency has set aside additional funds for these organizations to use in their overseas programs and to use in developing new programs in furtherance of the objectives of the reforms. The Agency is also continuing to explore the best ways of using the talents and experience of the private and voluntary agencies through a series of seminars on appropriate procedures for handling project proposals from those agencies and on the kinds of programs the agencies can most effectively carry out in the major areas of emphasis such as agriculture and health.

THE JOB AHEAD

But despite these steps, much remains to be done in a number of areas.

AID is still engaged in an attempt to identify the issues involved in the reforms and to organize itself efficiently to deal with those issues. The committee expects that by the time the Executive presents its program and legislation for development aid next year, AID will have established a more comprehensive and coordinated system of dealing with the legislative reforms than it has been able to manage so far.

AID has taken no significant initiative in informing the Congress of what is being done in the way of implementation. The committee expects a preliminary report by the end of this calendar year, a full report at the time of the presentation of the legislative program for fiscal year 1976, and subsequent periodic reports at appropriate intervals. The committee also expects the Agency to take the initiative in keeping it fully and timely informed of the progress of implementation of the reforms.

AID is not currently staffed appropriately to carry out the new kinds of activities required by the reforms, but is taking steps to cure this deficiency. The committee expects that when the Agency is before the committee next year on behalf of its legislative program, it will be well on its way to resolving that problem.

The Agency has made some effort to educate its own personnel about the meaning of the reforms and the techniques of applying them to specific country situations—but not nearly enough. The committee expects that by early next year a system will have been developed through which every AID professional employee with any effect on the planning, programing, implementation, or evaluation of the Agency's development aid program will be thoroughly exposed to the basic ideas behind the reforms.

AID has engaged some poor-country governments in discussions of the kinds of activities AID is now prepared to fund and the reasons for the concentration of the U.S. bilateral development aid program

on certain kinds of activities. In other countries, however, discussions of that sort are not taking place. The committee believes that it is important for the United States to explain to all potential aid-recipient governments the purpose of the development aid reforms contained in the Foreign Assistance Act of 1973 and expects the Executive to do so without further delay.

AID has inserted the ideas behind the reforms into its programing process at various points and in various ways, but does not appear to have established a systematic and comprehensive set of mechanisms designed to affect the programing process in all regional and central bureaus and at all the relevant points in the process. To a large extent, compliance with the reforms in the programing process varies widely among the various bureaus and overseas missions. The committee expects the Agency to develop and institute a set of procedures through which the entire programing process—policy, planning, design, development, review, approval, implementation, and evaluation—will be systematically and objectively scrutinized for compliance with the legislative reforms.

Although the fiscal 1975 program is underway and proposals for fiscal 1976 are already being formulated, the committee understands that AID is considering ways of short-circuiting the regular, time-consuming processes of program approval in cases where activities are proposed which have been designed in accordance with the reforms. The committee expects the Agency to perfect a system for expediting the Agency's consideration and approval of such projects as they are developed.

The committee believes that if the Congress is presented next year with a program that is effectively dealing with the problems of development abroad, in accordance with the reforms which the Agency has endorsed and the Congress has mandated in the 1973 legislation, the U.S. bilateral development aid program will receive the deserved support of the Congress.

FOOD AND NUTRITION

Agriculture and rural development constitute an area of the highest priority, in which the committee has urged AID to concentrate its activities. AID is increasingly doing so. Despite reductions in funds made by the Congress in the authorization and appropriation processes last year, AID increased the amount provided for agriculture and rural development in fiscal 1974 above the level originally proposed. Areas of less priority were cut back as a result.

AID has continued that trend even more markedly in its proposal for fiscal 1975, concentrating almost 90 percent of its proposed development aid for this fiscal year in the functional areas which the Congress emphasized in last year's legislation—agriculture, rural development, and nutrition; population and health; and education. By far the greatest increase in any functional category over the fiscal 1974 level is in agriculture and rural development, where AID proposes to put 60 percent of its development funds, in accordance with this committee's expressed views on the importance of the problems of food production and the welfare of the rural poor. The committee believes that AID should continue to be encouraged to focus its limited

resources on such major problems of special concern to the vast numbers of poor people in the developing world. The committee has, accordingly, approved an increase of \$180.3 million in the authorization for agriculture, rural development and nutrition for fiscal 1975.

Simply providing assistance in the broad category of agriculture, rural development, and nutrition, is not enough, however. The assistance must be carefully directed into suitable activities. Last year, the Congress went on record in support of a radically new approach to development assistance, which is to be provided for activities "which directly improve the lives of the poorest * * * people and their capacity to participate in the development of their countries." In approving AID's request for increased authorization in this category, the committee recognizes the effort which AID is making to develop projects which are designed to increase the productivity of small farmers and to benefit the rural poor by increasing their participation in the economic life of their countries. A large number of the projects proposed for fiscal year 1975 are being planned with these criteria in mind. The sharply increased number of proposed projects that meet these criteria, however, would not alone justify doubling this program over the fiscal year 1974 level, since it is hardly feasible in so short a period of time to develop enough projects meeting these criteria.

However, the committee is also aware of the need, now more urgent than ever, for aid for agricultural production in countries that have been most seriously affected by sudden and drastic price rises in fertilizer, fuel, food, and other commodities. By increasing the authorization in this category, the committee wishes to give AID the ability to respond, selectively, to situations in which U.S. assistance is needed to help prevent severe shortfalls in agricultural production in these most seriously affected nations, where sufficient funds from international agencies or other donors are not available to meet the current crisis.

The committee recommends authorization of these funds for increases in food production in these countries because of the possibility that the funds may be needed to help prevent starvation deaths. AID should, however, take care that its programs in support of short-term production increases in certain countries, as opposed to those in direct support of the longer term structural changes needed to increase the productivity of the small farmer, are kept to the minimum required to deal with the current emergency situation and are not used in ways contrary to the intent of the reforms of last year, to the detriment of the small farmer and the rural poor. Moreover, the committee expects AID to inform the Congress in timely fashion and to justify in detail any such planned uses of its funds.

In any event, the Agency should not be limited to the activities presented formally early this year, but should actively seek opportunities, throughout the fiscal year, to apply funds to such activities in such countries as will carry out the intent of this committee and the Congress in enacting the reforms of last year.

The committee wishes to reaffirm its belief that the vast increases in agricultural productivity which are going to be required if the world is to continue to feed itself can only come realistically from creation of the conditions that will lead to intensive cultivation of small farms

in the developing world. The committee expects AID to move as quickly as possible to implement the committee's directive in this respect.

INTEGRATING WOMEN INTO NATIONAL ECONOMIES

Section 113, enacted in 1973, calls for administering sections 103 through 107 of the act "so as to give particular attention to those programs, projects, and activities which tend to integrate women into the national economies of foreign countries, thus improving their status and assisting the total development effort." In presenting proposals for legislation next year, U.S. foreign aid personnel should describe how particular attention is being given to initiatives formed to integrate women as active agents of development in areas of Food and Nutrition (sec. 103), Population Planning and Health (sec. 104), and Education and Human Resources Development (sec. 105).

The committee notes that AID will collect and organize data on the widely divergent roles of women in developing countries as a basis for ensuring that U.S. programs encourage women as well as men to make the economy grow and to improve national well-being. This is a necessary and important step which will be followed with interest. It is expected, for instance, that research projects and evaluative studies now underway to increase understanding of ways in which the rural poor can be involved in development will shed light on the current and potential role of women as contributors to economic growth as well as growth beneficiaries. Studies on employment, unemployment and technology choice in less-developed countries, on income distribution, economic growth, public policy and public works should reveal how women in fact take part, or could take part, in the development process or whether they are excluded from it knowingly or unknowingly. Likewise evaluation studies of selected U.S. projects should reveal whether and how the lives of women change as a result of development efforts. If change has been modest or disappointing, studies could suggest alternative avenues for the future. Conclusions could be reflected in proposals for new aid initiatives.

The right to exercise control over one's fertility—whether and when to have a child—is essential to improve the status of women and to enable them to participate equally in the social, economic, and political life of their family, community, and nation. Family planning information, education and services should be available to women to allow them to exercise this right. Until women are viewed as more than childbearers, until their status is improved so that other careers are open to them, and until their health and well-being is given priority attention, economic development efforts will be retarded.

The committee will watch for project proposals next year that include measures designed to integrate women further into their national economies. It is assumed that development leaders in at least some recipient countries will be interested in making it possible for women already in the labor force to turn their hands to more productive work.

The committee concurs with U.S. experts that, in the process of collecting information on the role of women in development, it will

be important to hear directly from the women of the developing countries. U.S. programs proposed next year should describe what arrangements have been made by AID mission personnel to be kept informed of personal goals and aspirations as expressed by the people of recipient nations, including development goals of women both as individuals and as members of the community.

DEVELOPMENT COORDINATION COMMITTEE

The Congress in the Foreign Assistance Act of 1973, in section 640B, provided that the President establish a system for coordination of U.S. policies and programs which affect U.S. interests in the development of low income countries. In addition, it directed that the President establish a Development Coordination Committee to be chaired by the Administrator of the Agency for International Development to advise him on U.S. bilateral and multilateral development policies and programs.

The committee is most concerned that it has taken so much time for the executive branch to provide for the system of coordination and establishment of the Development Coordination Committee. We view the developments of the last year affecting the lesser developed world as reinforcing the need to unify and coordinate U.S. policies and programs which affect this large segment of the world's population. The United States must improve its internal governmental mechanisms so that all of our economic policies and programs are brought together to address these major issues involving the low income countries and the United States. No longer can we rely exclusively on development assistance as our principal tool in our economic relations with these countries. We need to relate assistance to investment, monetary, and commodity policies.

The Development Coordination Committee, with its wide representation of executive departments and agencies at the Under Secretary level should perform a most useful and needed task. To clarify any misunderstandings, its position in the executive branch should be such that it can bring to bear development aspects of economic policy issues in the decisionmaking process, and make its recommendations, including when necessary to the President, on the basis of development rather than political or military considerations. The Council on International Economic Policy has now had its basic authorization extended until June 30, 1977, and in the Council's Annual Report prepared for the President to the Congress there is an appreciation of development problems. Therefore, the committee would expect that the Development Coordination Committee would keep the Chairman of the Council apprised of its findings and views, and work with the Council when coordination at the Cabinet level is required or desirable to assure development inputs at the highest policymaking level.

The committee notes with approval that on June 13, 1974, the C-20 Group of Finance Ministers Meeting in Washington recommended the establishment of a joint ministerial committee of the International Monetary Fund and the World Bank to examine and make recommendations on the issues involving the transfer of real resources

to developing countries. The ministerial group will involve the developed countries, the low-income countries, and the oil exporting nations. The committee would expect that the Development Coordination Committee and the Council on International Economic Policy as necessary, given their mandate, will contribute to the back-stopping for U.S. representation to this new international effort to address the issues of development.

Section 640B also contains a requirement for a report to the Congress on U.S. actions affecting the development of the poor countries. The report is to be submitted during the first quarter of each calendar year. No report was submitted during the first quarter of this calendar year, as the legislation requires, nor indeed has any report been submitted at all this year. The absence of a report this year is presumably due to the lengthy delay and difficulties which the executive branch encountered in organizing itself to carry out this important task. The committee expects the Development Coordination Committee to prepare and the President to submit the report required by section 640B in timely fashion next year.

EMPLOYMENT OF PERSONNEL

The committee notes with approval the actions which AID has taken over the past several months and which it contemplates taking over the next several months to achieve reductions in personnel. These reductions are in line with recommendations made by the committee last year.

In order to reduce personnel in Washington, the Agency has:

- used early retirement provisions enacted by the Congress last year to achieve personnel cutbacks;
- eliminated excess positions;
- imposed a promotion freeze on all foreign service personnel;
- carried out a reduction in force of excess public safety positions;
- established significantly reduced Washington personnel ceilings for fiscal year 1975 and fiscal year 1976;
- taken the steps necessary to institute a reduction in force in January 1975.

In addition, the Agency is taking steps to achieve substantial reductions in some of its largest missions abroad—those in South Vietnam, Brazil, and South Korea—as well as phase down missions in Turkey, Ecuador, Nigeria, and Thailand.

The reductions currently being made are additional to very substantial personnel cuts already effected over the past several years for upward of 40 percent since 1968.

The committee has been assured that the reductions in personnel will not affect implementation of the reforms embodied in the Foreign Assistance Act of 1973. The committee wishes to endorse this approach and to support the Agency's efforts to streamline its operation by these personnel measures, and by adjusting the size and skills of different operational units in a way which will most effectively promote the implementation of the development aid program which the Congress endorsed last year.

CENTER FOR PLASTIC AND RECONSTRUCTIVE SURGERY

The committee is pleased with the success of the Center for Plastic and Reconstructive Surgery in Saigon, Republic of Vietnam, which received \$712,000 in earmarked funds in the fiscal year 1974 foreign aid bill. While there are no funds for the Center in this year's aid bill, the committee is cognizant of the continued importance of the Center for the treatment of burns and other injuries, and is hopeful that plans for the construction of the third-floor burns center with the earmarked funds will progress with all due speed. The activities of this Center, the only facility of its kind in South Vietnam, deserve the support of the Congress and the executive branch.

PROVISIONS OF THE BILL

TITLE I—MIDDLE EAST PEACE

Section 2—Policy, allocations, Special Requirements Fund

This section adds a new part VI to the Foreign Assistance Act of 1961, as amended, consisting of four sections, as follows:

Section 901—Statement of policy

This section sets forth a statement of policy concerning peace in the Middle East. It expresses the sense of Congress that a lasting peaceful settlement in the Middle East is essential to the security of the United States and world peace. It states that the United States can facilitate peace by increasing understanding between the Arab nations and Israel, and by its assistance programs. The section calls for U.S. aid to (1) promote mutual respect and security among Middle East nations and (2) foster a climate conducive to increased economic development.

The section also states the sense of Congress that no aid should be given to any nation which denies its citizens the right or opportunity to emigrate. This policy would apply to any current or potential recipient of aid funds. The government of Syria, for example, which will not allow over 4,000 Syrian Jews to leave that country, will be put on notice by this sense of Congress statement that its policies could result in denial of U.S. aid.

The committee expects the executive branch to make this congressional expression of intent clear to those nations which place severe and unreasonable restrictions on emigration, and have hopes of receiving aid from the United States.

The U.N. Declaration on Human Rights, which affirms the right of emigration for citizens of every nation, could be used as a standard in evaluating the reasonableness of emigration restrictions imposed by countries in the Middle East.

Section 902—Allocations

This section indicates—but does not authorize—the levels of military assistance and security supporting assistance intended for the Middle East, as follows:

Section 902(a)—Military grant assistance

This subsection allocates up to \$200 million for military assistance in the Middle East, and earmarks \$100 million of it for Israel.

The executive branch request was for \$100 million for military assistance in the Middle East, almost all of the amount programed for Jordan. The committee increased the allocation by \$100 million and earmarked that sum for Israel.

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At the same time, the committee reduced by \$100 million—to \$230 million—the proposed aggregate ceiling on credits and guarantees under the Foreign Military Sales Act available for countries in the Middle East, and earmarked \$200 million of that amount for Israel.

Because the executive branch had programed \$300 million in military credit sales for Israel, the committee action, in effect, transferred \$100 million in the military aid request for Israel from credit sales to grants. The committee did so because it believes that the effects of the October War and its aftermath on the economy of Israel require that at least a portion of the military equipment being provided to that country by the United States in fiscal 1975 should be given rather than sold.

It is estimated that the war cost to Israel was more than \$7 billion, virtually 1 year's gross national product. As a result of the fighting the country's defense expenditures rose sharply. In 1972, Israel's imports for defense totaled \$662 million. The figure rose to \$1.57 billion in 1973 and may exceed \$1.8 billion in 1974. By providing one-third of military aid as grants, rather than sales, the United States will be relieving Israel of some portion of long-term debt burdens.

This section also allocates close to \$100 million in grant military aid for Jordan. Jordan, a long time ally of the United States, a strong supporter of U.S. policies and peace initiatives in the Middle East, and a constant source of moderation in Arab politics, needs to modernize and maintain its small, but efficient, army at a time when the military imbalance between Jordan and its neighbors is increasing because of recent deliveries of sophisticated military weaponry by the Soviet Union. A strong Jordan is in our interest and in the interest of peace and stability in the Middle East.

This subsection does not authorize appropriations, it deals only with allocations. The authorization for military assistance is contained in section 16 of this bill.

Section 902(b)—Security supporting assistance

This subsection allocates up to \$577.5 million of security supporting assistance for the Middle East, earmarking of that amount \$250 million for Israel and \$250 million for Egypt. The funds are authorized in section 18 of the bill.

The executive branch requested allocation was for \$377.5 million. Of that sum \$250 million was programed for Egypt, \$77.5 million for Jordan and \$50 million for Israel. The committee increased the allocation by \$200 million and earmarked \$250 million for Israel.

The committee believes that this increase in security supporting assistance to Israel is justified and consistent with the assurances given by President Nixon and Secretary of State Kissinger during their Middle East peacekeeping missions. "In accordance with congressional authorization [the United States] will continue to provide substantial economic assistance for Israel at levels needed to assist Israel to offset the heavy additional costs inherent in assuring Israel's military capability for the maintenance for peace," President Nixon pledged during his June 1974 visit to Israel.

The high cost of defense, spiraling inflation, increased prices of vital imports like petroleum, and lowered production have combined

to increase Israel's current account deficit. That figure rose from \$1.075 billion in 1972 to \$2.475 billion in 1973 and is expected to exceed \$3.28 billion by the end of 1974.

Until the October War, the United States had not provided Israel with grant military assistance. Israel paid for its defense items, both through taxes and heavy borrowing. Today the Israeli people are among the most heavily taxed in the world, contributing about 62 percent of the gross national product to Government treasuries.

Despite its people's sacrifices, Israel's foreign currency debt is steadily rising. From \$4 billion in 1972, it is expected to rise to \$5.8 billion by the end of 1974 and to an estimated \$6.8 billion by the end of 1975. Israel's foreign debt per capita is expected to rise from \$1.275 in 1972 to an estimated \$1,680 this year.

By earmarking \$250 million in supporting assistance for Israel the Congress would permit continuation and reasonable expansion of the present commodity import program for Israel and would assist that country to meet its financial burdens.

The committee also believes that by increasing amounts of aid the United States would be sending a clear message to Israel's potential adversaries that our Nation had not in any way relinquished or diminished its support for Israel's sovereignty and independence.

The committee also earmarked \$250 million of security supporting assistance for Egypt, the same amount which the executive branch has programed. It did so to insure that subsequent reductions in security supporting assistance funds authorized in section 18 would not be taken from funds presently allocated to Egypt. Egypt has a critical role to play in the Middle East and in the peaceful settlement which it is hoped will come in that area.

Egypt clearly wishes to give priority attention to reconstruction, economic stability, and development. The aim of U.S. aid is to support that effort in a way that permits Egypt to fulfill popular aspirations for better lives for its people through peaceful means.

The executive branch has tentatively programed the \$250 million for Egypt to be used in the following ways:

Suez Canal clearance—\$20 million.—Clearing the Suez Canal, a project of great economic importance to Egypt, has been pledged the support of the United States. As a first step, the United States has helped sweep the canal of mines. American military personnel now are providing training and technical aid to Egyptian personnel engaged in removing unexploded ordnance from the canal and its banks. Total cost is estimated at \$18 million, of which \$8 million was financed in fiscal 1974, leaving \$10 million for fiscal 1975. The United States also has offered to help Egypt in raising wrecks which now block the canal. The fiscal 1975 cost of this part of the Suez clearing operation is expected to be \$10 million.

Reconstruction/development of Suez Canal area—\$150 million.—Principal Suez Canal cities have been almost totally demolished in recent years of fighting and their inhabitants, totaling some 734,000, have fled. The United States together with other donors, including the World Bank, will assist in reconstruction of the cities, return of their people, and rehabilitation of surrounding agricultural areas which also have sustained considerable damage. Priority projects for U.S. funds will involve reconstruction of water, power, and sewage

systems, as well as schools and hospitals. All are necessary first steps to the return of inhabitants.

Commodity import program—\$80 million.—A chronic balance-of-payments problem and resultant severe import limitations have severely inhibited Egypt's economic development. Industrial plants work at only a percentage of capacity because of lack of needed raw materials, spare parts, and replacement machinery. Agricultural production is affected by shortages of fertilizer and pesticides. If Egypt's economy is to move forward it will need essential imports, including machinery, wood and wood products, artificial leather and grain handling equipment, and pesticides.

This subsection does not authorize appropriations. The authorization for security supporting assistance is found in section 18 of this bill.

Section 902(c)—Foreign military sales

This subsection allocates up to \$230 million for the Middle East of the aggregate ceiling on credits and guaranties under the Foreign Military Sales Act, and earmarks \$200 million of that amount for Israel.

The executive branch proposal was for a military sales allocation of \$330 million to the Middle East. The committee reduced the amount by \$100 million commensurate with its action in making \$100 million in grant military aid available to Israel. See section 902(a) above.

The committee earmarked \$200 million of the \$230 million allocation for Israel in order to insure that Israel is able to acquire the military equipment necessary for its security. The other \$30 million in foreign military sales is programed to go to Jordan.

This subsection does not authorize appropriations. The authorization of foreign military sales credits and guarantees is contained in section 30 of this bill.

Section 903—Special Requirements Fund

This section establishes a Special Requirements Fund of \$100 million for fiscal 1975 to meet contingency needs important to efforts by the United States in helping to achieve peace in the Middle East.

Section 903(a)—Authorization of fund

This subsection authorizes not to exceed \$100 million to the President in fiscal 1975 to meet special requirements arising from time to time in carrying out the purposes of the Middle East peace title.

A precise description of how these funds will be used in the Middle East is not possible, according to the executive branch presentation. In his testimony of June 4, 1974, before the committee, however, the Secretary of State indicated how a major portion of the money could be used when he stated:

Secretary KISSINGER. I have explained what our attitude is with respect to aid to Syria. We made no commitments, either expressed or implied, of any specific aid to Syria. We did make clear to Syria that, if this agreement were executed and civilians returned to the evacuated territories then the United States might consider requests for the reconstruction of these territories. We are requesting \$100 million in a Spe-

cial Requirements Fund which could be available for that purpose. No specific request has been made by Syria. If a request were made, it would be examined within the context of the overall situation, and we would consult with the congressional committees before we made any commitments. No commitments exist at this time.

The committee also believes that some of the funds authorized for the Special Requirements Fund should be made available to support projects and expand institutions in the occupied territories of the West Bank and Gaza. It is believed that such assistance can help build the socio-economic underpinnings necessary to preserve peace both for the immediate and long-term futures. In particular, the committee believes that such funds should be used to expand the activities of educational and vocational training institutions in the occupied territories. In the view of the committee, these are the kinds of worthwhile projects the United States can usefully be associated with in the coming years as we hopefully move toward a lasting peace in the Middle East.

Section 903(b)—Report to Congress

As proposed by the executive branch, the provisions creating the Special Requirements Fund called for the President to keep the Congress currently informed on the programing and obligation of money from the Special Requirements Fund. The committee feared that such procedures might not permit the Congress adequate and appropriate participation in decisions on the use of the Fund. As a result, it added this subsection putting two limitations on the Special Requirements Fund:

First, the President may only obligate or expend amounts from the fund after he has reported to Congress the name of the country or international organization to be aided, the amount involved, and the purpose of the allocation.

Second, if the Congress does not favor the proposed use of the Fund, it may within 30 legislative days of receiving the report disapprove the obligation or expenditure by the passage of a concurrent resolution.

The committee believes this mechanism will help insure that the Congress has adequate foreknowledge and opportunity to exercise a measure of oversight with respect to expenditures from the Special Requirements Fund. While acknowledging the need for contingency-type funds in the Middle East, it believes that decisions on use of those funds should involve joint participation of the legislative and executive branches.

Section 903(c)—Earmarking for UNRWA

This subsection earmarks \$6 million of the funds authorized for the Special Requirements Fund as a contribution by the United States to the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East (UNRWA), provided that other nations contribute a fair share to the settlement.

UNRWA currently has a deficit of \$14 million, principally as a result of inflation and dollar devaluation. For fiscal 1975 the executive branch has requested \$23 million for UNRWA, the regular U.S. con-

tribution, but nothing has been requested to defray the deficit. Unless the deficit is settled, according to UNRWA officials, important programs will have to be cut, especially in educational fields.

The committee believes that because of the importance of the work of UNRWA to prospects for peace and stability in the Middle East, it is in the national interest to pay a portion of the deficit, provided a fair contribution is made by other interested countries. The subsection leaves the determination of a "fair share" by other countries to the President.

The subsection does not authorize any additional funds, but simply earmarks \$6 million of the Special Requirements Fund to the UNRWA deficit, should the proper determination be made.

Section 3—Repeal of prohibition against aid to Egypt

This section repeals section 620(p) of the act, which prohibits assistance to Egypt absent findings by the President that such assistance is in the national interest. The fiscal 1975 foreign assistance program contains assistance for Egypt. Further, the President already has made a finding under section 620(p) in order to permit the United States to aid Egypt in Suez Canal clearing operations and other activities in fiscal 1974.

If the Congress agrees with the committee that assistance to Egypt is in the national interest by authorizing the programs under this title, then the requirement of section 620(p) for a further finding by the President is redundant and should be repealed.

Section 4—Prohibition against funding nuclear powerplants

This subsection contains a prohibition against using the Special Requirements Fund to finance the construction of, the operation or maintenance of, or the supply of fuel for, any nuclear powerplant in Israel or Egypt.

During his visit to the Middle East in the spring of 1974, President Nixon promised both Egypt and Israel to assist them in the construction and operation of nuclear powerplants. The committee believes that no funds for these nuclear powerplants should come from any of the funds authorized in this bill.

This prohibition extends to providing technical assistance to the nuclear powerplants in Egypt and Israel.

TITLE II—INDOCHINA AID

Section 5—Authorizations and prohibitions

This section amends section 802 of the act to authorize \$573 million for Indochina aid and \$27.7 million for the U.S. contribution to the International Commission of Control and Supervision of the Vietnam Peace Agreement. It also contains prohibitions against transfers of funds to Indochina aid from authorization of appropriations contained in other parts of the act.

The amendments to the act are as follows:

Authorization of Indochina aid (sec. 802(a))

This subsection contains an authorization of \$573.4 million for assistance to South Vietnam, Cambodia, and Laos. The amount is

\$366.4 million less than the \$939.8 million which the executive branch had requested for Indochina aid.

The committee believes that a significant reduction from the executive branch request for Indochina aid is fully warranted, and will not impair the reconstruction programs for the countries of that region.

The amount authorized is larger than the \$555.9 million expended for Indochina reconstruction assistance and the \$504 million specifically authorized for that purpose in fiscal 1974. The increase takes into account the effects of worldwide inflation and the greatly increased cost of petroleum products and fertilizer.

Prohibitions (sec. 802(b) and (c))

The committee also adopted two amendments to this section of the act which restrict the use or transfer of other funds authorized under the act for Indochina aid.

The first is designed to prohibit the use of economic assistance funds in Indochina, other than those specifically authorized for Indochina aid in subsection 802(a). Existing waiver authority could be exercised by the President only if Congress is notified 30 days in advance and given the opportunity to disapprove the use by concurrent resolution.

The second amendment prohibits the use of section 610 authority to transfer funds under the act into the Indochina aid account, unless the President makes a determination that the transfer is important to U.S. national security 30 days prior to the action and notifies the Congress. The Congress could disapprove the transfer by concurrent resolution.

Authorization for ICC (sec. 802(d))

This subsection provides an authorization of appropriations of \$27.7 million to pay the U.S. contribution to the International Commission of Control and Supervision of the Vietnam Peace Agreement (ICCS). This authorization was added to the bill at the urgent request of the Department of State because of the current financial crisis gripping the ICCS. Of the funds authorized, \$16.5 million will constitute the fiscal 1975 contribution of the United States and \$11.2 million will go to reimburse the foreign aid contingency and supporting assistance funds for an emergency grant to the ICCS in fiscal 1974.

In its justification for U.S. support to the ICCS, the Department of State said:

While the performance of the ICCS has never matched its potential, it remains an essential part of the peace structure established by the Paris Accords. The presence in South Vietnam of several hundred foreign personnel charged with overseeing the military situation does, we believe, help deter a resumption of all-out warfare.

Since its inception in early 1973 the ICCS has faced serious financial problems. At the present time the continued existence of the Commission is in jeopardy because of the lack of adequate financial support by the Communist side. Despite strong efforts on our part, they have declined to contribute their

full prescribed share and we cannot be sure they will contribute their full share in the future. It is clear that the communists through their lack of support are seeking to induce a reduced role or even a termination of the ICCS. In contrast, the Government of the Republic of Vietnam has paid its full share and may be expected to continue to do so. We continue to insist that all parties meet their financial obligations to the ICCS.

In the face of these efforts by the Communist parties, we believe it is imperative that the ICCS be kept operational. The atrophy or dissolution of the ICCS would clearly contribute to the unravelling of the Vietnam peace structure and encourage a renewal of general warfare. Further, U.S. failure to back the ICCS to the fullest extent possible could well be interpreted by Hanoi as a sign of declining U.S. interest in a peaceful solution in Vietnam. If the ICCS is to survive, the United States will have to assure an adequate level of funding for the Commission by contributing in excess of its prescribed share. In effect, the U.S. contribution will be largely used to pay for the cost of essential services, including transport and communications, provided by American contractors. These services comprise the greater part of the ICCS budget. Compared to the costs of our past military involvement, the price we must now pay these peacekeeping operations is remarkably small.

The committee believes that the ICCS is important to the reduced conflict in South Vietnam and deserves sufficient U.S. support to keep it operating. At the same time, however, there is concern about the apparent lack of internal management procedures within the ICCS, particularly with regard to accountability for significant amounts of U.S. excess equipment turned over to the Commission following the implementation of the Paris peace agreements. U.S. officials in Vietnam should be directed to exert every effort toward the establishment within the ICCS of audit and other procedures sufficient to insure accountability for equipment and funds allocated to that organization.

Section 6—Assistance to Vietnamese children

This subsection amends section 803(b) of the act to earmark \$10 million of amounts authorized for Indochina aid for assistance to Vietnamese children. Last year the committee adopted, and the Congress approved, a \$5 million earmarking for this same purpose. In carrying forward the congressional mandate in fiscal 1974, the Agency for International Development actually committed \$7.2 million.

It is apparent that the earmarked funds have served a useful purpose. The principal thrust of the programs funded has been to prevent child neglect, child abandonment, or the placement of children in orphanages, by offering alternatives to economically pressed families. At the same time, efforts are made to improve the health, sanitation, nutrition, facilities and management of orphanages—some of which have operated under deplorable conditions. No more than 10 percent

of the funds can be used to facilitate adoption of Vietnamese orphans by American citizens.

The committee believes that projects designed to benefit Vietnamese children disadvantaged by the war continue to deserve priority attention, particularly now as programs become fully operative. A committee staff study team which visited South Vietnam last spring concluded that the earmarking for Vietnamese children could reasonably be expanded to \$10 million for fiscal 1975.

Section 7—Ceiling on fertilizers to South Vietnam

This section restricts the amount of fertilizer shipments to South Vietnam in fiscal 1975 and thereafter.

Subsection (a) prohibits more than \$85 million in fertilizer procurement for South Vietnam in fiscal 1975. That is the amount which already has been obligated for South Vietnam by the executive branch under continuing resolution authority for fiscal 1975.

Subsection (b) would prevent more than one-third of fertilizer procurement in future fiscal years from going to South Vietnam. That country's share of AID fertilizer procurements in fiscal 1973 was 45 percent of the total, and in fiscal 1974, 62 percent.

The committee believes that because many poor nations desperately need fertilizer, this type of assistance should be distributed more equitably.

TITLE III—OTHER FOREIGN ASSISTANCE ACT AMENDMENTS

Section 8—Food and nutrition authorization

This section amends section 103 of the act to authorize \$471.3 million for "food and nutrition" economic development assistance during fiscal 1975—a reduction of \$75 million from the executive branch request. Funds under this section are used to assist developing countries in the fields of agriculture, rural development and nutrition.

In the Foreign Assistance Act of 1973 the Congress provided a 2-year authorization for "food and nutrition," setting a figure of \$291 million each year for fiscal 1974 and 1975. In its fiscal 1975 request, the executive branch asked for a \$546.3 million authorization, representing an additional \$255.3 million.

The committee recognizes that the world food outlook has worsened considerably since last year and that increased funding is necessary. Food problems are complex, however, and cannot be cured simply by spending money. After reviewing the myriad factors involved in increasing food production in the developing countries, the committee determined on a prudent reduction of \$75 million from the funds requested.

Section 9—Population planning and health authorization

This section amends section 104 of the act to increase by \$20 million the amount authorized during fiscal 1975 for population planning and health. The increase is directly related to the \$20 million increase in the earmarking for population programs found in section 12 of this bill.

The Foreign Assistance Act of 1973 authorized \$145 million for each of fiscal years 1974 and 1975 for population planning and health. This section increases the fiscal 1975 authorization to \$165 million in order to make additional funds available for family planning/population control programs.

The committee has strongly supported programs designed to control population growth since 1967. Authorizations for population programs in developing countries have been increased because of their integral role in economic development and social progress. The world faces the prospect of dealing with a population of over 6.6 billion by the end of this century, almost double its present size. This will also double the demand on already scarce food and natural resources, and put still more strain on an already overburdened world economy.

There is increasing recognition of the dangers of unrestrained population growth. The United Nations has just concluded the World Population Conference which has demonstrably quickened world interest in population issues. Many new requests for assistance in expanding or initiating population control programs can be expected. The United Nations Fund for Population Activities (UNFPA) has received valid project proposals from 92 countries totaling \$140 million. Based on present projections UNFPA will have only \$68 million to meet these requests. The committee expects that a larger U.S. contribution, which this increased authorization makes possible, in an amount made known to the Fund as early as possible, would help to elicit early and increased contributions from still other donors.

The UNFPA already funds a wide variety of population programs, including the development of population policies, demographic data, research, education, and service delivery in 90 countries.

Section 10—Limitation on use of funds

This provision amends chapter 1 of part I of the act by adding a new section 115, prohibiting use of development assistance funds for any country which receives security supporting assistance, Indochina aid or assistance under the Middle East peace package, or vice versa.

The prohibition may be waived only (1) if the President submits to Congress a statement containing the amounts involved, the proposed recipient country, the purpose for the funds, and the reason that development assistance funds must be used, and (2) if, within the next 30 days, Congress does not pass a concurrent resolution stating that it disapproves the proposed use of such funds.

The committee has been concerned about the use of development assistance funds in countries which are prime recipients of security supporting assistance in its various forms. An example was a \$50 million development loan to South Vietnam during fiscal 1974 which appeared to be related more to the short-run political situation than to that country's prospects for economic development. This section would insure congressional participation in any future decisions on such uses of development aid funds.

Section 11—Agricultural credit programs

This section amends title III of chapter 2 of part 1 of the act to transfer the Agricultural and Productive Credit and Self-Help Community Development program from the Overseas Private Investment Corporation to the Agency for International Development. The program, which is designed to encourage the availability of local credit for small agricultural and community projects, falls more appropriately under the purview of AID. In addition, in an effort to provide the program with more leverage, the portfolio guaranty level is raised from 25 percent to 50 percent.

The Agricultural and Productive Credit and Self-Help Community Development program (also called the Productive Credit Guaranty program—PCGP) was established in the Overseas Private Investment Corporation by the Foreign Assistance Act of 1969.

Credit is nearly unavailable to most segments of society in many developing countries. The program is designed to alleviate that situation by encouraging private banks, other credit institutions, cooperatives, and private nonprofit development organizations to make small loans on reasonable terms to individuals and to organized groups in order to enable such individuals and groups to carry out small investment and self-help community projects for which they are unable to obtain financing from other sources. The program covers loans for agricultural purposes and community development projects, including, but not limited to, such material and activities as wells, pumps, farm machinery, improved seed, fertilizer, pesticides, vocational training, looms, schoolhouses, sanitation facilities, community centers, food industry development, and handicraft aids.

The Foreign Assistance Act of 1969 restricted the program to five countries in Latin America. As the results of the pilot programs are not yet clear and the program is to be transferred to a new administering agency, that restriction is retained by the Foreign Assistance Act of 1974. The program should not be expanded until there is proof that the new guidelines will assure its success.

It is expected that AID will seek to develop credit activities under the program which can be placed on a financially self-supporting basis and be coordinated with other AID and host country projects—particularly those designed to facilitate the extension of credit to disadvantaged segments of the community.

Those new guidelines affect the guaranty level. As originally established, guaranties were restricted to 25 percent of any portfolio of loans and to 75 percent of any one loan. Because collateral of 200 percent and more is frequently required in Latin American countries, the program has not attracted as much local credit as was envisioned. This bill retains the restriction of guarantying no more than 75 percent of a single loan but raises the portfolio coverage to 50 percent. Agreements also have been negotiated with several Latin American governments whereby the central banks will provide an additional guaranty of 25 percent. It is believed that these changes will make the program more effective.

The ceiling of \$15 million on total guaranties outstanding at any one time is not changed.

The authority for the program is extended until December 31, 1977. The President is directed to make a detailed report to Congress on the operation of the program by January 15, 1976.

The provisions of the amendment are as follows:

Section 11(a)(1)—Title

This subsection changes the heading of title III from "Housing Guaranties" to "Housing and Other Credit Guaranty Programs."

Section 11(a)(2)—Authority

This subsection amends the act by inserting at the end of section 222 a new section 222A, Agricultural and Productive Credit and Self-Help Community Development Programs, as follows:

Subsection (a), setting forth the general purposes of the program, is identical to subsection (a) in the Foreign Assistance Act of 1969.

Subsection (b), which establishes the guidelines for the guaranty authority, designates "the agency primarily responsible for administering part I" (AID) rather than the "Corporation" (OPIC) as the administering agency. Further, it raises the portion of a portfolio of loans that can be guaranteed from 25 percent to 50 percent.

Subsection (c), which places a ceiling of \$15 million on total guaranties and a limitation of not more than 10 percent of such sum on the guaranties provided to any one institution, cooperative, or organization, is identical to subsection (c) of the existing statute.

Subsection (d), is the same as existing subsection (d), which directs that the Inter-American Foundation be consulted in developing criteria for making loans eligible for guaranty coverage.

Subsection (e), which provides that a guaranty reserve be established under OPIC auspices, is changed so that the Housing Guaranty Fund under section 223(b) of the Foreign Assistance Act shall serve as the guaranty reserve for the program but that no more than \$3 million of that reserve shall be available to discharge liabilities under this program.

A new subsection (f) directs that through June 30, 1976, funds available to the Overseas Private Investment Corporation may be available for meeting necessary administrative and operating expenses of the program. This permits OPIC, during the period of transfer, to continue to meet a portion of the costs of the program.

A new subsection (g) directs OPIC to transfer the program to the Agency for International Development.

Subsection (h) provides that the authority to operate the program shall continue until December 31, 1977.

Subsection (i) is identical to subsection (f) of the Foreign Assistance Act of 1969, by which the use of foreign currencies excess to the normal requirements of the U.S. Government is authorized.

Subsection (j) directs that, on or before January 15, 1976, the President shall make a detailed report to the Congress on the results of the program.

Sections 11(a)(3)-(5)—Conforming changes

These subsections make conforming changes in the numbering and reference to pertinent titles of the Foreign Assistance Act.

Section 11(b)—Repeal of old authority

This subsection repeals the old authority by striking out section 240 in title IV of chapter 2 of part 1 of the act.

Section 12—Housing guaranties

This section amends section 223(i) of the act by extending the termination date of the housing guaranty authority from June 30, 1975, to June 30, 1976.

Section 13—Population growth earmarking

This section amends section 292 of the act by increasing the earmarking for programs relating to population growth (title X) by \$20 million—from \$130 million to \$150 million.

This increase does not constitute any additional authorization of appropriations. Rather, it insures that the entire \$20 million increase authorized for section 104 of the act by section 8 of this bill will be spent for family planning/population control programs.

Section 14—International organizations and programs

This section increases the authorization for international organizations and programs under section 302(a) of the act from \$150 million to \$154.4 million for fiscal 1975. Of the \$4.4 million increase, \$3.9 million was requested by the executive branch with the following justification:

In 1973 the Foreign Assistance Act was approved for the two-year period, fiscal year 1974 and fiscal year 1975. For the appropriation "International Organization and Programs" the administration requested an authorization of \$124,822,000 for fiscal year 1974 and "such sums as may be necessary" for fiscal year 1975. The Senate bill authorized \$127,822,000 (additional \$3.0 million for UNICEF) for each of the fiscal years 1974 and 1975 and the House bill authorized \$127,800,000 for fiscal year 1974 and "such sums as may be necessary" for fiscal year 1975. The final congressional action authorized \$127,800,000 for fiscal year 1974 and \$150 million for fiscal year 1975.

AID's appropriation request to OMB for fiscal year 1975 was well within the \$150 million authorization. However, as a result of two decisions by OMB—first, to approve the \$23.2 million for UNRWA instead of \$14.3 million and second, to increase the UNDP allowance from \$100 to \$110 million—the total request came to \$153.9 million or \$3.9 million over the authorization. OMB was well aware of this and it is specifically stated in the President's budget (p. 87) that "additional authorizing legislation is required."

As part of the recent package of amendments to the Foreign Assistance Act, a provision was included to increase the fiscal year 1975 authorization from \$150 to \$153.9 million.

The committee added \$500,000 to the authorization and earmarked that amount for the International Atomic Energy Agency in order to free other resources of the Agency to strengthen and improve its monitoring of safeguards under the Nuclear Non-Proliferation Treaty. The funds are to be used for training, fellowship studies,

equipment and sending U.S. experts to the Agency in Vienna. Given the present dangers of nuclear proliferation, the committee believes that modest sums to bolster the IAEA are well justified.

Section 15—Security assistance and human rights

This section amends chapter 1 of part II of the act by adding a new section (sec. 502B—Human rights) which expresses the sense of Congress that the President should substantially reduce or terminate security assistance to any government which engages in a consistent pattern of gross violations of internationally recognized human rights. Those violations are defined to include torture; cruel, inhuman or degrading treatment or punishment; prolonged detention without charges; or other flagrant denials of the right to life, liberty and security of person.

This sense of Congress provision further calls upon the President to advise Congress of the extraordinary circumstances involved should he find it necessary to propose or furnish security assistance to any government engaging in human rights violations. In determining whether a government does violate human rights, consideration is to be given to that government's cooperation in permitting investigation of alleged violations by governmental or nongovernmental international organizations such as the International Committee of the Red Cross, or organs of the United Nations or Organization of American States.

Section 16—Military assistance

Section 16(a)(1)—Authorization

This subsection amends section 504(a) of the act by authorizing \$745 million for military assistance for fiscal 1975. The executive branch had requested \$985 million for military assistance, a figure which the committee reduced by \$240 million.

Although the proposed figure of \$745 million is somewhat higher than the MAP authorization and appropriation figures for fiscal 1974, most of the increase is directly related to the following factors:

An earmarking of \$100 million in military assistance for Israel by the committee. (See sec. 2.) (This makes possible a \$100 million reduction in the aggregate ceiling on foreign military sales.)

The transfer of the Laos program from MASF to MAP.

Funding for Cambodia MAP which received an additional \$250 million in fiscal 1974 through the use of the President's special authority under section 506(a) of the act to draw down Department of Defense stocks and services for military assistance.

To these factors must be added the impact of worldwide inflation and greatly increased petroleum-related costs.

The country-by-country grant military assistance program proposed by the executive branch, based on new obligational authority recoveries and reimbursements was as follows:

MILITARY ASSISTANCE PROGRAM
[Dollars in thousands]

COUNTRIES	FY 1973	Estimated FY 1974	Proposed FY 1975	COUNTRIES	FY 1973	Estimated FY 1974	Proposed FY 1975
EAST ASIA & PACIFIC				AFRICA (CONT'D)			
China (Taiwan)	29,940	28,700	400	Chad	51	40	70
Indonesia	16,407	17,500	22,700	Liberia	200	100	100
Kmer Republic	131,755	325,012	362,500	Mali	108	850	850
Korea	132,628	112,300	161,500	Morocco	19	20	25
Laos	166	200	85,200	Senegal	1,787	1,200	50
Malaysia	15,671	16,800	17,900	Sudan	227	350	2,000
Philippines	35,793	300	56,000	Zaire	61	80	300
Thailand	212	300	365	Regional Costs			
Regional Total	363,072	536,685	706,850	Regional Total	10,952	13,980	14,785
NEAR EAST & SOUTH ASIA				LATIN AMERICA			
Afghanistan	210	200	200	Argentina	614	600	700
Greece	1,058	200	100	Bolivia	3,752	2,730	3,300
India	8	36,050	94,243	Brazil	754	800	800
Iran	32,758	200	100	Chile	878	900	800
Lebanon	208	25	10	Colombia	558	800	700
Nepal	32	25	30	Costa Rican Republic	622	800	1,300
Pakistan	270	235	280	Ecuador	435	610	1,100
Saudi Arabia	240	200	220	El Salvador	787	699	1,300
Sri Lanka	58,438	15	15	Guatemala	531	610	200
Turkey	75	48,700	80,000	Haiti	18	140	1,100
Regional Costs		50	52	Honduras	841	795	1,100
Regional Total	93,305	85,825	175,295	Nicaragua	480	400	500
EUROPE				Panama	264	800	1,400
Austria	16	30	24	Paraguay	809	702	1,600
Finland	19	20	24	Peru	847	900	700
Portugal	902	800	860	Uruguay	386	400	350
Spain	9,138	50	1,600	Venezuela	13,392	13,586	18,250
Regional Costs	117	50	23	Regional Total	91,504	100,124	106,289
Regional Total	10,192	4,300	2,531	DDO (GENERAL COSTS)			
AFRICA				SPECIAL PROJECT			
Ethiopia	8,495	11,300	11,300	WORLDWIDE TOTAL	582,417	769,500	11,024,000

1 Of this total \$985 million is new obligational authority.

The Executive program did not include the \$100 million for grant military assistance for Israel recommended by the committee.

The bulk of the above program, \$880 million, is allocated by the executive branch to eight countries: Cambodia, Korea, Jordan, Laos, Turkey, Thailand, Indonesia, and the Philippines.

The committee authorized \$745 million for grant military assistance in fiscal 1975, which is \$240 million below the amount requested by the Executive. Of this amount up to \$645 million can be used for the programs shown in the above table. The additional \$100 million is intended solely for Israel. For this purpose, Israel should be excluded from the 31-country limitation contained in the first proviso of section 504(a).

Section 16(a)(2)—Military training in the Canal Zone

This section amends section 504(a) of the Foreign Assistance Act of 1961, to permit training for Western Hemisphere countries in the Panama Canal Zone. The amendment recognizes in explicit language that the Congress does not intend to make a distinction between U.S.-administered schools located in the United States and those located in the Canal Zone.

The need for this change stems from the current interpretation of the law which excepts "training in the United States" from counting against the 31 country ceiling but not the three military training schools that the United States operates in the Canal Zone.

The amendment in no way alters the present limitation of section 504(a) of the Foreign Assistance Act which restricts the number of countries receiving grant military assistance and training outside the United States to 31 nor does it confer any additional privileges on Western Hemisphere countries other than allowing them access to the military training administered by the Department of Defense in the Canal Zone.

Section 16(a)(3)—Special drawdown authority

This subsection amends section 506(a) of the act by extending the President's special authority to drawdown Department of Defense stocks and services for the military assistance program through fiscal 1975.

The committee notes that the entire drawdown authority of \$250 million was used last year for Cambodia—\$200 million at the specific behest of the Congress in the Foreign Assistance Act of 1973. The committee is concerned that no request has yet been received by Congress from the executive branch for an appropriation to reimburse DOD for those stocks and services, and urges that appropriate action be taken as soon as possible.

Further, the committee believes that the authority under section 506(a) should be used only in emergency situations, and not to remedy perceived "shortfall" in MAP funding which might affect such countries as Cambodia. Assurances have been received during the committee hearings from DOD spokesmen that there is no intention of providing military aid to Cambodia from the drawdown authority during fiscal 1975. The committee believes this is a wise course and should be strictly adhered to.

Section 16(a)(4)—Military assistance to South Vietnam

This subsection amends section 513 of the act and requires that after June 30, 1975, all military assistance to South Vietnam be funded out of the regular military assistance program as authorized under the Foreign Assistance Act or the Foreign Military Sales Act.

Military assistance for South Vietnam has been funded from the Department of Defense budget since 1966. When funding for that country was transferred to DOD from MAP, the Indochina war was in progress and the exigencies of the situation justified the change. That situation no longer applies. A cease-fire agreement has been reached in South Vietnam and provisions of that agreement place a limit on the amount of defense articles that can be provided. For example, article 7 of the Vietnam cease-fire agreement states that parties shall be permitted to make—

periodic replacement of armaments, munitions and new materials which have been destroyed, damaged, worn out or used up after the cease-fire, on the basis of piece by piece, of the same characteristics and properties, under supervision of the Joint Military Commission of the two South Vietnamese parties and of the International Commission of Control and Supervision.

Although the cease-fire has been subject to violations, a "less-fire" situation has prevailed in South Vietnam since the Paris peace agreement was signed. Thus the basic justification for carrying military assistance for South Vietnam in the Defense Department budget no longer exists.

The furnishing of military assistance to countries abroad is an important tool of foreign policy. Legislative responsibility for approving such programs must rest with the committees of Congress which have jurisdiction over foreign policy matters.

Section 17—Transfer of conventional weapons

This section amends section 511 of the act, relating to considerations in furnishing military assistance, to express the sense of Congress that the President should as soon as possible direct the preparation of a U.S. draft treaty for presentation at the proper forum on regulating the transfer of conventional weapons among the governments of the world.

The purpose of the provision is to reemphasize congressional interest, previously expressed in section 511 of the Foreign Assistance Act and section 6 of the Foreign Military Sales Act Amendment, 1971, in fostering international arms control arrangements for conventional weapons.

Section 18—Security supporting assistance

This section amends section 532 of the act to authorize \$585.5 million for security supporting assistance in fiscal 1975.

This authorization primarily includes funds for the important Middle East programs described in section 2 of this bill. The executive branch request was for \$385.5 million. Of that sum \$250 million was

programed for Egypt, \$77.5 million for Jordan and \$50 million for Israel. The committee increased the request by \$200 million in order to provide additional needed security supporting assistance for Israel. (See section 2 of the bill, creating new subsection 902(b) of the act.)

Only \$17.3 million of security supporting assistance is programed outside the Middle East. Recipients are to be Malta, Spain, and the United Nations Forces on Cyprus.

Section 19—Presidential waiver on prohibitions on aid

This section amends section 620(n) of the act, relating to prohibitions against furnishing assistance to countries trading with North Vietnam. The provision authorizes the President to waive the prohibitions of section 620(n) when he finds that such waiver is in the national interest.

Section 20—Repeal of prohibition on aid to Greece

This section repeals section 620(v) of the act which prohibits assistance to Greece under the act and sales to Greece under the Foreign Military Sales Act except in the case of a Presidential determination that such assistance or sales are justified for overriding national security reasons.

Section 620(v) was adopted by the Congress in 1971 as an expression of congressional concern over the lack of democratic government in Greece. With the recent return of the Greek Government to civilian control and the restoration of constitutional forms, the committee believes the provision has served its purpose and should be repealed.

Section 21—Suspension of military assistance to Turkey

This section would suspend all forms of military assistance and sales to Turkey until such time as the President is able to certify to the Congress that the Government of Turkey is making substantial good faith efforts to reach a negotiated settlement on the future of Cyprus.

The committee views with extreme concern the trend of recent developments in the Eastern Mediterranean and on the island of Cyprus. The continued occupation by Turkish Armed Forces of one-third of the island of Cyprus and the continued refugee status of almost one-third of the island's population are disturbing and destabilizing elements which threaten the integrity of NATO, U.S. interests throughout the Eastern Mediterranean region and any future dialog between two important American allies, Turkey and Greece.

This amendment is primarily designed to promote U.S. objectives in the Eastern Mediterranean. Peace and stability on the island of Cyprus and good and close relations with both Turkey and Greece are important interests of the United States. The opposites are also true. Instability on Cyprus and Greek-Turkish hostilities threaten NATO and have a destabilizing effect on all states in the region, including our friends in the Middle East. U.S. objectives at this point include restoring Greek-American relations while preserving Turkish-American ties, starting a negotiating process on the Cyprus issue and maintaining the effectiveness of NATO in the Eastern Mediterranean through our relationships with Turkey and Greece. This amendment promotes those objectives.

This amendment is also intended to encourage Turkey, as the stronger military power in the region and as the party bearing a major

responsibility for trying to alleviate the misery in which all Cypriots live today, to make substantial and substantive peace initiatives with other interested parties to try to get negotiations started for a peaceful solution to the Cyprus problem.

It is the committee's hope that such a clear Turkish initiative would be welcomed by the Government of Greece and all other interested parties. Any solution to the current problems will involve an agreement on the presence of foreign troops on the island of Cyprus, a just settlement of the refugee issue and a satisfactory definition of the future relations between the Greek and Turkish communities on Cyprus.

Section 22—Limitation on security assistance of Chile

This section sets a series of limitations on security assistance to Chile during fiscal 1975. They are:

(1) Military assistance training can be provided to Chile but only in the United States or the Canal Zone and only up to the amount of \$800,000.

(2) No other kind of military assistance or military sales, whether by cash or credit, may be granted or made, nor may any licenses be issued for the transportation of arms, ammunition, and implements of war, including technical data, to the Government of Chile, unless the President submits a report to the Congress that the Government of Chile has made and is making fundamental improvements in the observance and enforcement of internationally recognized human rights.

(3) Even if such a report to Congress is made by the President, a limitation of \$10 million is placed on the aggregate amount of military sales, credits, or ship transfers which could be made available to Chile in fiscal 1975.

The committee is deeply concerned by reports which indicate that the Chilean Government has engaged in practices which violate internationally recognized human rights of its own citizens and of other persons. This limitation is intended to communicate the committee's concern while allowing the Executive sufficient flexibility to work for a modification of policies and conditions which are distressing to all nations which respect human values.

Section 23—Excess defense article value in annual report

This subsection amends section 634(d) of the Foreign Assistance Act of 1961, as amended, to require that excess defense articles ordered for military assistance purposes be expressed in the materials presented to the Congress in connection with military assistance legislation in terms of acquisition cost.

The purpose of the amendment is to rationalize the reporting requirement to insure that the Congress will be fully aware of the value of defense articles to be provided under the military assistance program. Such reports will also enable the Congress to determine the total cost of the military assistance programs to the U.S. Government.

Although existing law requires the executive branch to include a chart on a country-by-country basis showing the full extent of U.S. assistance planned for each country, it does not spell out how the value

of excess defense articles is to be computed, that is, at the actual value of the article at the time of delivery, or the value of the item at the time that such article was acquired by the U.S. Government.

This amendment, which was suggested by the General Accounting Office after a review of the use of excess defense articles in the military assistance program, should help the Congress in evaluating military assistance programs.

Section 24—Famine or disaster relief/contingency fund

This section tightens criteria under which foreign assistance contingency funds can be allocated. The committee acted out of a concern that the executive branch, despite a clear legislative mandate, has used such contingency funds for purposes not intended by the Congress.

In 1973 the Congress sought to tighten up the existing contingency fund authority in section 451 of the act by approving an amendment which stated that AID contingency funds should be used primarily for disaster relief purposes.

This mandate was ignored. Of the \$16.5 million available for AID contingencies in fiscal 1975, only \$4.9 was used for disaster relief. Moreover, the executive branch has announced that fiscal 1975 contingency funds would be used to reimburse the U.S. Navy for the helicopter which President Nixon gave to President Sadat of Egypt during his June visit to the Middle East—a usage of contingency funds which the committee does not approve.

The section also marks a reduction of \$10 million from the \$30 million authorized last year for the AID contingency fund in fiscal 1975. Its provisions are, as follows:

Section 24(a)—Famine or disaster relief

This subsection amends section 639 of the act to authorize \$15 million for fiscal 1975 for famine or disaster relief.

Section 24(b)—Contingency fund

This subsection amends section 451 of the act to authorize \$5 million for fiscal 1975 which may be used by the President for any emergency purpose, in accordance with applicable provisions of the act.

This subsection also prohibits the contingency fund from being used to pay for gifts to officials of foreign governments. By this provision, the committee wishes to preclude the use of any of the funds authorized herein to reimburse the U.S. Navy for the helicopter given to President Sadat.

Section 25—Change in allocation of foreign assistance

This section amends section 653, "Change in allocation of foreign assistance" by further restricting reallocation of foreign aid funds. The effect of the provision would be threefold:

(1) The 10 percent limitation on reallocations which currently holds only for military aid and security supporting assistance would be expanded to include Indochina aid and economic development assistance.

(2) The limitation on all categories of aid could be exceeded only if the President notified the Congress 30 days in advance of the date on which the funds were obligated. Ten days advance notice is required in the present law.

(3) In the case of military and security supporting assistance the President must also determine and report to the Congress that the additional assistance is in the security interests of the United States.

The intent of this section is to help limit allocation of foreign aid funds by the executive branch in ways which are inconsistent with the country-by-country presentations and reports to the Congress. It represents part of an overall effort to strengthen congressional control over the foreign aid program and restrict the President's discretionary power over foreign aid matters.

Section 26—Voluntary agency personnel in Cambodia

This section amends section 656 of the act, "Limitations on U.S. personnel and personnel assisted by the United States in Cambodia," to exempt from the ceilings established by that provision, employees of U.S. voluntary nonprofit relief agencies and of the International Committee of the Red Cross.

Section 656, enacted by Congress in 1971, limits the total number of U.S. civilian and military personnel in Cambodia to not more than 200. It also limits the number of third country nationals in U.S. employ in that country to 85.

Since the ceilings were imposed, U.S. voluntary relief agencies and the International Red Cross have become deeply involved in refugee assistance work in Cambodia, funded through the Agency for International Development. A committee staff survey team to Cambodia has reported on the good work which is being done by those organizations in a program which maximizes efficiency and minimizes opportunities for corruption.

The personnel ceilings have worked a hardship on the voluntary agencies and have limited the extent of their programs in Cambodia. AID has made grants to these organizations for procurement and distribution of commodities but—in order to observe the ceiling—has refrained from providing funds for salaries of employees. The voluntary agencies have been able to use AID grant funds, for example, to contract for in-country transportation of commodities but not for salaries of their own employees engaged in supervising such transportation.

This section makes clear that the limitations in section 656 shall not apply to employees of voluntary agencies approved by and registered with the advisory committee on voluntary foreign aid or to employees of the International Committee of the Red Cross.

Section 27—New sections to the act

Section 27 adds two new sections to part III of the Foreign Assistance Act:

Section 659—Reimbursable Development Programs

This new section authorizes the President to use up to \$2 million of the funds available under the act, to assist friendly countries, particularly those in which development aid has ceased or those not receiving prior assistance, in obtaining development-related goods or services from U.S. sources.

The assistance would be for limited evaluative missions and planning groups to (1) help assure open and fair access to resources of interest to the United States and (2) stimulate reimbursable aid programs consistent with part I of the act. It would also be available, if necessary, for the "topping off" of the salaries of experts serving with international organizations or foreign governments.

The area of emphasis in the use of the funds would be certain countries in the Near East and the Persian Gulf, the emerging nations of Africa and Latin America, and others which are "aid graduates" or have never received U.S. assistance.

By encouraging the procurement of development-related goods or services from the United States by countries which suffer from a shortage of technical capabilities, the United States will be enhancing its investment in development aid.

The programs stimulated by this section would differ from traditional foreign assistance because:

(1) The goods and services to be provided would be fully paid for by the foreign governments, hopefully stimulating the local private sector, and facilitating access by the United States to needed natural resources; and

(2) The programs would be conducted in countries which in other respects may be considered developed.

The amendment is also intended to make clear that the limited uses of funds which it contemplates would not be subject to other restrictions in the Foreign Assistance Act, such as the limit on the number of countries assisted under section 211, and the restrictions contained in section 620 and other sections.

The section does not authorize any new funds, but only the use of funds authorized elsewhere in the legislation.

Section 660—Limiting Intelligence Activities

This section would restrict the use of funds under the Foreign Assistance Act or any other act by the Central Intelligence Agency (CIA).

The provision prohibits the use of funds for operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, unless the President finds that each such operation is important to the national security of the United States and reports, in a timely fashion, a description of the nature and scope of such operation to the appropriate committees of the Congress. Among those committees are to be the Senate Foreign Relations Committee and the House Foreign Affairs Committee.

This amendment is consonant with recent agreements which have been reached relating to the relationship of the Congress and its committees with the CIA, as was announced in the following statement of October 1, 1975, by Chairman Thomas E. Morgan of the Committee on Foreign Affairs:

Together with a bipartisan group of ranking members of the Committee on Foreign Affairs, I have been working actively to improve our committee's access to information vital to the discharge of our legislative responsibilities.

We have consulted in this matter with the leadership of the House and of the appropriate House committees.

We also consulted with the relevant officials of the executive branch.

There is agreement that the Committee on Foreign Affairs must have access to information about overseas activities which affect our foreign policy and U.S. relations with foreign countries—including covert activities.

This is our committee's responsibility under the rules of the House.

We will have access to information necessary to discharge that responsibility.

The details of the procedures for receiving, evaluating and safeguarding such information, and for making appropriate recommendations to the House, are in the process of being worked out.

The provision is also consistent with the action of the House of Representatives on October 8, 1974, when it amended the committee reform legislation to give the Committee on Foreign Affairs jurisdiction over special oversight functions on intelligence activities related to foreign policy.

In dealing in the area of foreign intelligence and operations two things must be kept in mind:

First, there is a wholly legitimate need for secrecy in carrying out certain activities and operations abroad in order to protect the national security interests.

Second, the Congress, as the elected representatives of the American people, have a right and responsibility to be informed and consulted about covert and other activities which may have important foreign policy and national security implications.

This section establishes a foundation for a more effective relationship between the Congress and the Central Intelligence Agency.

Section 28—Ceiling on military assistance to South Korea

This section places a ceiling of \$100 million on the amount of grant military assistance which may be provided to the Republic of Korea, and a ceiling of \$15 million on the value of excess defense articles which may be furnished to that country.

The committee has acted to limit military assistance funds to South Korea because of its concern over that country's retreat from constitutional democracy and its disregard for civil liberties and human rights. In January 1974, new emergency laws were issued in South Korea which made it a crime punishable by death to agitate against the Government or even to criticize it. Under these harsh measures, the death sentence has been applicable to students who absent themselves from classes without valid excuses, or to anyone advocating a change in the Korean constitution. Although some of these measures have been suspended, gross violations of human rights continue to occur in South Korea.

At the same time, the committee is aware that South Korea continues to face a threat from North Korea, which is ruled by a very repressive

regime, and that U.S. troops continue to be stationed in that country to help deter aggression. The \$115 million in military aid and excess articles, together with sales, should allow South Korea to proceed with its military modernization program and hasten the return of U.S. forces.

The reduction in fiscal 1975 assistance is intended to communicate to Korean authorities the deep concern about events there among Members of Congress and the American people.

Section 29—Limitation on assistance to India

This section limits U.S. economic and military assistance or military sales credits to India to a combined total of \$50 million.

The executive branch had proposed \$75.6 million in aid to India for fiscal year 1975: \$100,000 for military assistance training and \$75.5 for economic development assistance.

In approving the \$50 million ceiling, the committee reduced proposed aid to India by \$25.6 million. This reduction reflects the committee's concern about the implications of the nuclear explosion which took place in India on May 18, 1974. The committee believes that the development of nuclear devices by India may affect adversely attempts to prevent the proliferation of nuclear weapons and lead to further global and regional instabilities. In addition, the diversion of financial resources to its nuclear program raises questions about India's priorities at a time when mass famine threatens that country.

TITLE IV—FOREIGN MILITARY SALES ACT AMENDMENTS

Section 30

Section 30(1)—Conditions of eligibility

Section 30(1) amends section 3(d) of the Foreign Military Sales Act to permit the President to restore eligibility for the sale of non-sophisticated as well as sophisticated weapons to countries which transfer defense articles provided by the United States in violation of an agreement not to do so.

The purpose of the amendment is to clarify an ambiguous provision in section 3(d) of the Foreign Military Sales Act regarding the ineligibility for further sales, credits and guaranties of countries that violate foreign military sales agreements. It makes clear that corrective action by a country that has violated an applicable agreement can restore its eligibility for sales, credits and guaranties not only of sophisticated weapons, but of other defense articles and defense services as well.

Section 30(2)—Federal Financing Bank

This section amends section 24 (a) and (b) of the Foreign Military Sales Act by authorizing foreign military sales guarantees to be issued to the Federal Financing Bank (FFB). It also authorizes sales to the FFB of promissory notes issued by friendly foreign countries or international organizations as evidence of their obligations to repay the United States for credit purchases of defense articles, and to guarantee payment of the notes.

Under existing law, the President is authorized to issue guarantees and to sell promissory notes, and guarantee payments thereof, to any commercial entity doing business in the United States but not to any U.S. Government agency. The provision of this section would exempt the Federal Financing Bank from the prohibition of existing law.

Any guaranty transactions with the Federal Financing Bank under the Foreign Military Sales Act will be subject to the same reserve requirements under section 24(c) and controlled by the same aggregate ceiling under section 31(b) as guaranty transactions with private U.S. lenders. It is expected that the participation of the Bank will (1) result in savings in financing costs to the Government as well as to guaranteed borrowers and (2) provide an additional means of financing the foreign military sales guaranty program.

Section 30(3)(A)—Authorization

This subsection amends section 31(a) of the Foreign Military Sales Act by authorizing an appropriation of \$405 million to finance an overall foreign military credit sales program of \$772.5 million. This amount compares with an appropriation of \$825 million which financed an aggregate credit sales program of \$713.2 million in fiscal year 1974.

FOREIGN MILITARY CREDIT SALES SUMMARY

(In millions of dollars)

	1973	1974	1975 Executive request
East Asia and Pacific.....	79.5	147.2	147.0
Near East, South Asia.....	395.5	427.5	501.0
Africa.....	16.0	20.0	24.5
Latin America.....	59.0	118.5	200.0
Total obligational authority.....	550.0	713.2	872.5
Private financing.....	-218.2	-517.7	-352.8
DOD financed.....	331.8	195.5	519.7
Guarantee of private financing.....	54.6	129.4	35.3
New obligational authority.....	400.0	325.0	555.0

The executive branch requested an authorization of \$555 million for fiscal 1974. The committee reduced this amount by \$150 million. With the amendments authorizing foreign military sales guarantees to be issued to the Federal Financing Bank, the Department of Defense should be able to obtain additional private financing, thus reducing the requirement for the larger appropriation.

Section 30(3)(B)—Aggregate ceiling

This subsection amends section 31(b) of the Foreign Military Sales Act by raising the foreign military credit sales ceiling from \$730 million for fiscal 1974 to \$772.5 million for fiscal 1975, of which \$200 million is earmarked for Israel. The purpose of the ceiling is to place a limitation on the total amount of sales of defense articles and services that can be financed during the fiscal year from U.S. Government credits either directly or with a guarantee. Details of the proposed fiscal 1975 credit and guaranty program are as follows:

	1973	1974	1975 Executive request
East Asia and Pacific:			
China.....	45,200	60,000	80,000
Korea.....	24,200	56,682	52,000
Philippines.....		8,600	5,000
Malaysia.....	10,000	18,750	10,000
Indonesia.....		3,500	
Regional total.....	79,400	147,532	147,000
Near East and South Asia:			
Greece.....	58,000	52,500	71,000
Israel.....	307,500	300,000	300,000
Turkey.....	20,000	75,000	90,000
Jordan.....			30,000
Lebanon.....	10,000		10,000
Regional total.....	395,500	427,500	501,000
Africa:			
Ethiopia.....		11,000	5,000
Morocco.....	9,800	3,000	14,000
Liberia.....			500
Tunisia.....		2,500	1,500
Zaire.....	6,227	3,500	3,500
Regional total.....	16,027	20,000	24,500
Latin America:			
Argentina.....	11,500	22,500	30,000
Bolivia.....		4,000	3,000
Brazil.....	15,000	51,743	60,000
Chile.....	12,400	15,000	20,000
Colombia.....	10,000		17,000
Dominican Republic.....			500
Ecuador.....			12,500
El Salvador.....		500	3,000
Guatemala.....	2,600		1,000
Honduras.....			3,500
Mexico.....			5,000
Nicaragua.....			3,000
Paraguay.....			500
Peru.....		15,000	20,500
Uruguay.....		2,000	2,500
Venezuela.....	7,572	7,500	17,000
Regional total.....	59,072	118,500	200,000
Worldwide total.....	550,000	713,200	872,500

The program as submitted by the executive branch allocated \$300 million credit sales for Israel. The committee reduced this to \$200 million and earmarked the remaining \$100 million as grant assistance for Israel. The aggregate ceiling was reduced to \$772.5 million to conform to this action.

Section 30(4)—Latin American and African regional ceilings

This section repeals the ceiling contained in section 33(a) of the Foreign Military Sales Act of \$150 million (excluding training) in military assistance, Foreign Military Sales credits and guaranties and vessel transfers to Latin America. This change is not proposed in order to expand significantly military sales to countries in Latin America. Rather, it is intended to help to establish a new, more mature relationship with the nations of the hemisphere. This section retains the existing ceiling of \$40 million on assistance and sales credits to African countries, but would restore the President's authority to waive this limitation as originally contained in the Foreign Military Sales

act. This waiver authority applies only when determined by the President to be important to the security of the United States. Each such determination must be reported to the Congress.

Section 30(5)—Prior reports to Congress on sales of defense articles and services

This section requires the President to give advance notice to the Congress of any letter of offer to sell defense articles and services for \$25 million or more. The letter of offer shall not be issued if the Congress, within 20 legislative days after receiving any such statement, adopts a concurrent resolution stating in effect that it objects to such proposed sale. If the President certifies that an emergency exists which requires a sale in the national security interests of the United States, the above would not apply.

The section also requires the President to submit quarterly reports listing: (1) all letters of offers to sell defense articles or defense services, (2) a cumulative listing of all such letters of offers to sell that have been accepted during the fiscal year in which the report is submitted, (3) the cumulative dollar amounts, by foreign country and international organization, of credit sales under section 23 and guaranty agreements under section 24 made before the submission of each quarterly report and during the fiscal year in which the report is submitted, and (4) projections of the cumulative dollar amounts of credit sales and guaranties to be made under sections 23 and 24 for the next quarter.

Both the advance notice to the Congress of sales in excess of \$25 million and each letter of offer to sell shall specify: (a) the foreign country or international organization to which the defense article or service is offered, (b) the dollar amount of the offer to sell under paragraph (1) or of the completed sale under paragraph (2), (c) a brief description of the defense article or service offered, (d) the U.S. Armed Force which is making the offer to sell, (e) the date of such offer, and (f) the date of any acceptance under paragraph (8).

The President may also waive the requirement of this section for a delay in issuing a letter of offer for 20 legislative days if in his advance notification he certifies that an emergency exists which requires such sale in the national security interests of the United States. The October 1973 war in the Middle East is one example of such an emergency which would have justified the employment of the waiver provision of this subsection, had it been in effect. It would also be appropriate for the President to employ the waiver provision during prolonged recesses or adjournments of the Congress, when the requirement to withhold issuance of a letter of offer for 20 legislative days could mean months of delay in the FMS program.

The committee is hopeful that the President and the Department of Defense will make good faith efforts to comply with the requirements of this subsection. Attempts to compartmentalize block sales into increments with values of less than \$25 million in order to avoid the requirements of this subsection must not be allowed. Based on fiscal 1974 experience, fewer than 100 such reports will be required, and very few of these would be likely subjects of controversy.

The purpose of this provision is to give the Congress more effective control over the amount of defense articles sold for cash each year.

Under existing law, which authorizes government to government sales of defense articles and defense services to friendly foreign countries and allies, the Congress sets an annual aggregate ceiling on the total amount of sales which can be made for credit. There is no such limitation on cash sales.

Present reporting procedures do not provide the Congress with all of the information needed to exercise effective oversight over foreign military cash sales. Although a projection of future sales is furnished to the Congress in the congressional presentation documents, that information has proved inaccurate and unreliable. For example, the original Department of Defense estimates for cash sales in fiscal 1974 was \$3.6 billion. Actual cash sales totaled \$5.9 billion. In the judgment of the committee the \$2.3 billion difference between the 1974 projection of cash sales and the actual sales clearly demonstrates the need for timely reporting by the executive branch. While the committee recognizes that there will be some differences between the quarterly estimates and the actual sales, quarterly reports will enable the Congress to monitor the sales program more closely.

Foreign military sales are an important tool of U.S. foreign policy and in many cases have a direct impact upon our relations with both the purchasing country and on its neighboring countries as well. While enactment of this provision will not automatically trigger congressional action, it will give the Congress the opportunity to study the circumstances surrounding each major sale, and to assess the foreign policy impact of each such transaction.

Section 31—Definition of value of excess defense articles

This subsection amends subsection 8(c) of the Foreign Military Sales Act Amendments, 1971, by changing the definition of value of excess defense articles in such a way as to require that any excess defense article used for military assistance purposes shall not be valued at less than 33 $\frac{1}{3}$ percent of the amount the United States paid for such article when the United States acquired it.

The purpose of the amendment is to place a limitation on the total value of excess defense articles which can be used for military assistance in any fiscal year. Prior to fiscal 1974, value means not less than 33 $\frac{1}{3}$ percent of the acquisition cost. In the Foreign Assistance Act of 1973, however, the Congress changed the definition to mean actual value at the time of disposition, plus the cost of repair and rehabilitation. It was anticipated at the time that the change would tighten control over the use of excess defense articles for military assistance purposes. The reverse occurred and according to the General Accounting Office under current legislation there is no effective limitation on the amount of excess defense articles that can be furnished to foreign countries. The committee's recommendation attempts to correct that situation.

TITLE V—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS

Section 32—Feasibility study of access to raw materials

This section expresses the sense of Congress that open access should be assured to world natural resources and raw materials at a reasonable cost, and calls upon the President to conduct a study of the feasibility

of using U.S. foreign assistance mechanisms to develop such access, through barter arrangements and other appropriate means.

The President is directed to submit his findings and recommendations to the Congress by March 31, 1975.

This provision is the result of testimony presented to the committee by Hon. Clarence E. Miller of Ohio, who has sponsored legislation calling for barter of foreign aid in exchange for scarce raw materials. Further testimony on his proposal has indicated the complexity of the subject and has suggested the need for studies on implementing such ideas.

The committee has already initiated one study through the Congressional Research Service. It believes a concurrent examination of possibilities by the executive branch also is required, as is directed by this provision.

Section 33—Gorgas Memorial Institute

This section amends section 1 of the act authorizing a permanent annual appropriation for the Gorgas Memorial Institute (22 U.S.C. 278) to increase the authorized ceiling to \$2 million annually.

More than 40 years ago the Congress first decided to provide annual budgetary support to the Gorgas Memorial Institute of Tropical and Preventive Medicine Laboratory in the Republic of Panama. This action was taken by Congress as a memorial to Maj. Gen. William C. Gorgas, whose research made possible the construction of the Panama Canal, and as a method of continuing the fight against tropical disease.

Since fiscal 1929, when Congress provided \$50,000 annually to the Institute, it has compiled a proud record of scientific and medical achievement. In recognition of its accomplishments the Congress has steadily increased direct support for the Institute to \$150,000 annually in 1959, \$250,000 in 1960, and \$500,000 in 1966. In addition, the Gorgas has always enjoyed a high level of contractual support from various government agencies, including the Departments of Defense and Health, Education, and Welfare.

Since 1972, under contractual arrangement with the National Institute of Allergies and Infectious Diseases (NIAID), Gorgas has operated the Middle America Research Unit (MARU) in the Canal Zone. The operation of the unit has increased the Institute's research capabilities, especially in arbovirus and viral diseases.

The increased funding authorized by this section would permit Gorgas to continue the MARU operations and retain MARU personnel and programs in the Gorgas Memorial Laboratory. In that event, the Laboratory would have the potential of achieving status as a major international biomedical research center.

With the shift of MARU to Gorgas there also would be some savings in the NIAID budget.

The committee recognizes that the relationship between the Gorgas Memorial Institute and the Federal agency (currently HEW) charged with the presentation of Gorgas scientific programs before the Congress is not defined in existing legislation. It is further noted that since assuming this responsibility in 1970, the Fogarty International Center for Advanced Study in the Health Sciences of the National Institutes of Health has been active in affairs of the Institute includ-

ing assistance in reorganization of the Advisory Scientific Board, support of site-visit reviews of scientific programs in Panama and coordination of other Federal agency participation in Gorgas programs. In addition, the Fogarty International Center has promoted interest in the Gorgas Memorial Institute in the non-Federal sector of the biomedical research community.

The committee urges the adoption of a more formal relationship between the Gorgas Memorial Institute and the National Institutes of Health represented by the Fogarty International Center, to insure that the expanded research and education program made possible by the proposed authorization will be carefully coordinated with the overall Federal health research program. Specifically it is recommended that scientific program review and managerial overview associated with program coordination be defined in accordance with established policies and procedures of the Department of Health, Education, and Welfare.

In order to provide for a proper balance of Gorgas Memorial Institute scientific freedom and scientific and managerial overview intended by the Congress, it is recommended that the Gorgas Memorial Institute under provisions of its bylaws amended November 1, 1973, initiate a program and budget review procedure in concert with program reviews of the Fogarty International Center. The annual report of the Gorgas Memorial Institute to the Congress of the United States is recognized as the proper mechanism for bringing review and evaluation procedures to congressional attention. It is recommended that this annual report include a separate section representing the evaluation of Gorgas Memorial Institute programs by the granting Federal agency, the Fogarty International Center. In preparing such evaluations the Fogarty International Center should take into account the views of other Federal agencies concerned with tropical and preventive medicine.

Section 34—Puerto Rico's participation in the Caribbean Development Bank

This section provides necessary congressional authorization to permit Puerto Rico to become a member of the Caribbean Development Bank (CDB). The committee believes that both Article IV, section 3, clause 2 and Article I, section 10, clause 3 of the Constitution require such congressional approval. To preserve the Federal Government's necessary and exclusive control of the foreign relations of the United States, subsection 10(a) specifies that any agreement between Puerto Rico and the Caribbean Development Bank must be approved by the Secretary of State. Subsection 10(b) specifies that the Federal Government will incur no financial or other obligation as a result of Puerto Rican participation in the Caribbean Development Bank. Subsection 10(c) reflects the committee's view that Puerto Rican participation in the Caribbean Development Bank is in the interest of the United States primarily because such participation can help facilitate economic and social development in the region. The subsection specifies that Puerto Rico will not divert the CDB's resources from its primary purposes by becoming a recipient of scarce bank resources. The committee believes that any external official financing required by Puerto Rico is properly the responsibility of the U.S. Government.

Puerto Rico's relationship with the United States is unique. The committee understands the Commonwealth of Puerto Rico's desire within the framework of commonwealth to make its voice heard in various international organizations. The committee is convinced that Puerto Rican aspirations in this regard are compatible with those of the Federal Government within the framework of Puerto Rico's commonwealth relationship to the United States. The committee is mindful, however, of the need for retaining central responsibility for U.S. foreign policy in the hands of the President acting through the Secretary of State and therefore, believes that Puerto Rican participation in any international organization must be subject to appropriate executive branch control and at all times be fully consistent with U.S. foreign policy.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

FOREIGN ASSISTANCE ACT OF 1961

* * * * *

PART I

CHAPTER 1—POLICY; DEVELOPMENT ASSISTANCE AUTHORIZATIONS

* * * * *

SEC. 103. FOOD AND NUTRITION.—In order to alleviate starvation, hunger, and malnutrition, and to provide basic services to poor people, enhancing their capacity for self-help, the President is authorized to furnish assistance, on such terms and conditions as he may determine, for agriculture, rural development, and nutrition. There are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, ~~[\$291,000,000 for each of the fiscal years 1974 and 1975]~~ *\$291,000,000 for the fiscal year 1974, and \$471,300,000 for the fiscal year 1975*, which amounts are authorized to remain available until expended.

SEC. 104. POPULATION PLANNING AND HEALTH.—In order to increase the opportunities and motivation for family planning, to reduce the rate of population growth, to prevent and combat disease, and to help provide health services for the great majority, the President is authorized to furnish assistance on such terms and conditions as he may determine, for population planning and health. There are authorized to be appropriated to the President for the purposes of this section, in addition to the funds otherwise available for such purposes, ~~[\$145,000,000 for each of the fiscal years 1974 and 1975]~~ *\$145,000,000 for the fiscal year 1974 and \$165,000,000 for the fiscal year 1975* which amounts are authorized to remain available until expended.

* * * * *

SEC. 115. PROHIBITING USE OF FUNDS FOR CERTAIN COUNTRIES.—(a) *None of the funds made available to carry out this chapter may be used in any fiscal year for any country to which assistance is furnished in such fiscal year under chapter 4 of part II (security supporting assistance), part V (assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos), or part VI (assistance for Middle East peace) of this Act.*

(b) *The prohibition contained in subsection (a) may only be waived under section 614(a) of this Act or under any other provision of law—*

(1) *if the President submits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a statement containing (A) the amount of funds under this chapter to be made available which, but for such waiver, would have been prohibited from being made available, (B) the country for which such funds are to be made available, (C) the purpose for which such funds are to be made available for such country, and (D) the reason that funds from this chapter must be made available for such purpose; and*

(2) *during the thirty-day period after the President submits such report, Congress does not pass a concurrent resolution stating in substance that it does not favor the proposed use of such funds.*

(c) *This section shall not apply to funds made available under section 104 for purposes of title X of chapter 2 of this part (programs relating to population growth).*

CHAPTER 2—DEVELOPMENT ASSISTANCE

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TITLE III—HOUSING [GUARANTIES] AND OTHER CREDIT GUARANTY PROGRAMS

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SEC. 222A. AGRICULTURAL AND PRODUCTIVE CREDIT AND SELF-HELP COMMUNITY DEVELOPMENT PROGRAMS.—(a) *It is the sense of the Congress that in order to stimulate the participation of the private sector in the economic development of less-developed countries in Latin America, the authority conferred by this section should be used to establish pilot programs in not more than five Latin American countries to encourage private banks, credit institutions, similar private lending organizations, cooperatives, and private nonprofit development organizations to make loans on reasonable terms to organized groups and individuals residing in a community for the purpose of enabling such groups and individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. Agricultural credit and assistance for self-help community development projects should include, but not be limited to, material and such projects as wells, pumps, farm machinery, improved seed, fertilizer, pesticides, vocational training, food industry development, nutrition projects, improved breeding stock for farm animals, sanitation facilities, and looms and other handicraft aids.*

(b) *To carry out the purposes of subsection (a), the agency primarily responsible for administering part I is authorized to issue guaranties, on such terms and conditions as it shall determine, to private lending institutions, cooperatives, and private nonprofit development organizations in not more than five Latin American countries*

assuring against loss of not to exceed 50 per centum of the portfolio of such loans made by any lender to organized groups or individuals residing in a community to enable such groups or individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. In no event shall the liability of the United States exceed 75 per centum of any one loan.

(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$15,000,000. Not more than 10 per centum of such sum shall be provided for any one institution, cooperative, or organization.

(d) The Inter-American Foundation shall be consulted in developing criteria for making loans eligible for guaranty coverage in Latin America under this section.

(e) Not to exceed \$3,000,000 of the guaranty reserve established under section 223(b) shall be available to make such payments as may be necessary to discharge liabilities under guaranties issued under this section or any guaranties previously issued under section 240 of this Act.

(f) Funds held by the Overseas Private Investment Corporation pursuant to section 236 may be available for meeting necessary administrative and operating expenses for carrying out the provisions of this section through June 30, 1976.

(g) The Overseas Private Investment Corporation shall, upon enactment of this subsection, transfer to the agency primarily responsible for administering part I all obligations, assets, and related rights and responsibilities arising out of, or related to the predecessor program provided for in section 240 of this Act.

(h) The authority of this section shall continue until December 31, 1977.

(i) Notwithstanding the limitation in subsection (c) of this section, foreign currencies owned by the United States and determined by the Secretary of the Treasury to be excess to the needs of the United States may be utilized to carry out the purposes of this section, including the discharge of liabilities under this subsection. The authority conferred by this subsection shall be in addition to authority conferred by any other provision of law to implement guaranty programs utilizing excess local currency.

(j) The President shall, on or before January 15, 1976, make a detailed report to the Congress on the results of the programs established under this section, together with such recommendations as he may deem appropriate.

SEC. 223. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty issued under section 221 or section 222, 221, 222, or 222A in an amount to be determined by the President. In the event the fee to be charged for such type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) The amount of \$50,000,000 of fees accumulated under prior investment guaranty provisions repealed by the Foreign Assistance Act of 1969, together with all fees collected in connection with guaranties issued hereunder, shall be available for meeting necessary adminis-

trative and operating expenses of carrying out the provisions of [this title] section 221 and section 222 and of prior housing guaranty provisions repealed by the Foreign Assistance Act of 1969 (including, but not limited to expenses pertaining to personnel, supplies, and printing), subject to such limitations as may be imposed in annual appropriation Acts; for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221 or section 222 or heretofore pursuant to prior Latin American and other housing guaranty authorities repealed by the Foreign Assistance Act of 1969; and to pay the cost of investigating and adjusting (including costs of arbitration) claims under such guaranties; and shall be available for expenditure in discharge of liabilities under such guaranties until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this subsection.

(c) Any payments made to discharge liabilities under guaranties issued under section 221 or section 222 or heretofore under prior Latin American or other housing guaranty authorities repealed by the Foreign Assistance Act of 1969, shall be paid first out of fees referred to in subsection (b) (excluding amounts required for purposes other than the discharge of liabilities under guaranties) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payment made to discharge liabilities under such guaranties as long as funds are available, and finally out of funds hereafter made available pursuant to subsection (e).

(d) All guaranties issued under section [221 or section 222] 221, 222, or 222A or heretofore under prior Latin American or other housing guaranty authority repealed by the Foreign Assistance Act of 1969 shall constitute obligations, in accordance with the terms of such guaranties, of the United States of America and the full faith and credit of the United States of America is hereby pledged for the full payment and performance of such obligations.

(i) The authority of section 221 and section 222 shall continue until June 30, [1975.] 1976.

TITLE IV—OVERSEAS PRIVATE INVESTMENT CORPORATION

[SEC. 240. AGRICULTURAL CREDIT AND SELF-HELP COMMUNITY DEVELOPMENT PROJECTS.—(a) It is the sense of the Congress that in order to stimulate the participation of the private sector in the economic development of less developed countries in Latin America, the authority conferred by this section should be used to establish pilot programs in not more than five Latin American countries to encourage private banks, credit institutions, similar private lending organizations, co-operatives, and private nonprofit development organizations to make loans on reasonable terms to organized groups and individuals residing in a community for the purpose of enabling such groups and in-

dividuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. Agricultural credit and assistance for self-help community development projects should include, but not be limited to, material and such projects as wells, pumps, farm machinery, improved seed, fertilizer, pesticides, vocational training, food industry development, nutrition projects, improved breeding stock for farm animals, sanitation facilities, and looms and other handi-craft aids.

[(b) To carry out the purposes of subsection (a), the Corporation is authorized to issue guaranties, on such terms and conditions as it shall determine, to private lending institutions, cooperatives, and private nonprofit development organizations in not more than five Latin American countries assuring against loss of not to exceed 25 per centum of the portfolio of such loans made by any lender to organized groups or individuals residing in a community to enable such groups or individuals to carry out agricultural credit and self-help community development projects for which they are able to obtain financial assistance on reasonable terms. In no event shall the liability of the United States exceed 75 per centum of any one loan.

[(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$15,000,000. Not more than 10 per centum of such sum shall be provided for any one institution, cooperative, or organization.

[(d) The Inter-American Social Development Institute shall be consulted in developing criteria for making loans eligible for guaranty coverage under this section.

[(e) The guaranty reserve established under section 235(c) shall be available to make such payments as may be necessary to discharge liabilities under guaranties issued under this section.

[(f) Notwithstanding the limitation contained in subsection (c) of this section, foreign currencies owned by the United States and determined by the Secretary of the Treasury to be excess to the needs of the United States may be utilized to carry out the purposes of this section, including the discharge of liabilities incurred under this subsection. The authority conferred by this subsection shall be in addition to authority conferred by any other provision of law to implement guaranty programs utilizing excess local currency.

[(g) The Corporation shall, on or before January 15, 1972, make a detailed report to the Congress on the results of the pilot programs established under this section, together with such recommendations as it may deem appropriate.

[(h) The authority of this section shall continue until December 31, 1974.]

* * * * *

TITLE X—PROGRAMS RELATING TO POPULATION GROWTH

* * * * *

SEC. 292. AUTHORIZATION.—Of the funds provided to carry out the provisions of part I of this Act for the fiscal year 1974, \$125,000,000, and for the fiscal year 1975, [\$130,000,000] \$150,000,000 shall be avail-

able in each such fiscal year only to carry out the purposes of this title, and, notwithstanding any other provisions of this Act, funds used for such purposes may be used on a loan or grant basis.

* * * * *

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

* * * * *

SEC. 302. AUTHORIZATION.—(a) There is authorized to be appropriated to the President for grants to carry out the purposes of this chapter, in addition to funds available under any other Act for such purposes, for the fiscal year 1974, \$127,822,000 and for the fiscal year 1975, ~~[\$150,000,000]~~ \$154,400,000.

* * * * *

(g) *Of the funds made available to carry out this chapter for fiscal year 1975, in addition to any other such funds to be made available for contributions to the International Atomic Energy Agency, not less than \$500,000 shall be made available to such Agency as technical assistance in kind.*

* * * * *

CHAPTER 5—DISASTER RELIEF

SEC. 451. CONTINGENCY FUND.—(a) There is authorized to be appropriated to the President for ~~[each of]~~ the fiscal ~~[years 1974 and]~~ year 1975 not to exceed ~~[\$30,000,000]~~ \$5,000,000, to provide assistance authorized by this part ~~[primarily for disaster relief purposes.] or by section 639 for any emergency purpose only~~ in accordance with the provisions applicable to the furnishing of such assistance.

(b) The President shall ~~[provide]~~ submit quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programing and the obligation of funds under ~~[subsection (a)] this section.~~

(c) *No part of this fund shall be used to pay for any gifts to any officials of any foreign government made heretofore or hereafter.*

* * * * *

PART II

CHAPTER 1—POLICY

* * * * *

SEC. 502B. HUMAN RIGHTS.—(a) *It is the sense of Congress that, except in extraordinary circumstances, the President shall substantially reduce or terminate security assistance to any government which engages in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman or de-*

grading treatment or punishment; prolonged detention without charges; or other flagrant denials of the right to life, liberty, and the security of the person.

(b) Whenever proposing or furnishing security assistance to any government falling within the provisions of paragraph (a), the President shall advise the Congress of the extraordinary circumstances necessitating the assistance.

(c) In determining whether or not a government falls within the provisions of subsection (a), consideration shall be given to the extent of cooperation by such government in permitting an unimpeded investigation of alleged violations of internationally recognized human rights by appropriate international organizations, including the International Committee of the Red Cross and any body acting under the authority of the United Nations or of the Organization of American States.

(d) For purposes of this section, "security assistance" means assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) of this part, assistance under part V (Indochina Postwar Reconstruction) or part VI (Middle East Peace) of this Act, sales under the Foreign Military Sales Act, or assistance for public safety under this or any other Act.

* * * * *

CHAPTER 2—MILITARY ASSISTANCE

* * * * *

SEC. 504. AUTHORIZATION.—(a) There is authorized to be appropriated to the President to carry out the purposes of this part not to exceed **[\$512,500,000 for the fiscal year 1974]** *\$745,000,000 for the fiscal year 1975, of which not less than \$100,000,000 shall be made available for Israel: Provided*, That funds made available for assistance under this chapter (other than (1) training in the United States, or (2) for Western Hemisphere countries, training in the United States or in the Canal Zone) shall not be used to furnish assistance to more than thirty-one countries in any fiscal year: *Provided further*, That none of the funds appropriated pursuant to this subsection shall be used to furnish sophisticated weapons systems, such as missile systems and jet aircraft for military purposes, to any underdeveloped country, unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress. Amounts appropriated under this subsection are authorized to remain available until expended. Amounts appropriated under this subsection shall be available for cost-sharing expenses of United States participation in the military headquarters and related agencies program.

* * * * *

SEC. 506. SPECIAL AUTHORITY.—(a) During the fiscal year **[1974]** 1975, the President may, if he determines it to be in the security interests of the United States, order defense articles from the stocks

of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year [1974] 1975, shall not exceed \$250,000,000.

* * * * *

SEC. 511. CONSIDERATIONS IN FURNISHING MILITARY ASSISTANCE.—Decisions to furnish military assistance made under this part shall take into account whether such assistance will—

- (1) contribute to an arms race;
- (2) increase the possibility of outbreak or escalation of conflict;
- or
- (3) prejudice the development of bilateral or multilateral arms control arrangements.

It is the sense of Congress that the President should develop and propose as soon as possible at the appropriate international forum a United States draft international agreement for regulating the transfer of conventional weapons among the governments of the world.

SEC. 512. MILITARY ASSISTANCE ADVISORY GROUPS AND MISSIONS.—* * * [Repealed—1973]

SEC. 513. MILITARY ASSISTANCE AUTHORIZATIONS FOR THAILAND [AND LAOS]. LAOS, AND VIETNAM.—(a) After June 30, 1972, no military assistance shall be furnished by the United States to Thailand directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

(b) After June 30, 1974, no military assistance shall be furnished by the United States to Laos directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

(c) *After June 30, 1975, no military assistance shall be furnished by the United States to Vietnam directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.*

* * * * *

CHAPTER 4—SECURITY SUPPORTING ASSISTANCE

* * * * *

SEC. 532. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for the fiscal year [1974] 1975 not to exceed \$125,000,000, of which not less than \$50,000,000 shall be available solely for Israel] \$535,000,000: *Provided*, That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, arrangements should be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative

has given prior written approval. Amounts appropriated under this section are authorized to remain available until expended. None of the funds authorized by this section shall be made available to the Government of Vietnam unless, beginning in January 1971, and quarterly thereafter, the President of the United States shall determine that the accommodation rate of exchange, and the rate of exchange for United States Government purchases of piasters for goods and services, between said Government and the United States is fair to both countries.

PART III

CHAPTER 1—GENERAL PROVISIONS

* * * * *

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE.—(a)

(1) * * * *

(n) No loans, credits, guaranties, or grants or other assistance shall be furnished under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which sells or furnishes to North Vietnam, or which permits ships or aircraft under its registry to transport to or from North Vietnam, any equipment, materials, or commodities, so long as the regime in North Vietnam gives support to hostilities in South Vietnam, *unless the President determines that such loans, credits, guaranties, grants, other assistance, or sales are in the national interest of the United States.*

* * * *

[(p) No assistance shall be furnished under this Act to the United Arab Republic unless the President finds and reports within thirty days of such finding to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives that such assistance is essential to the national interest of the United States, and further that such assistance will neither directly nor indirectly assist aggressive actions by the United Arab Republic.]

* * * *

[(v) No assistance shall be furnished under this Act, and no sales shall be made under the Foreign Military Sales Act, to Greece. This restriction may be waived when the President finds that overriding requirements of the national security of the United States justify such a waiver and promptly reports such finding to the Congress in writing, together with his reasons for such finding. Notwithstanding the preceding sentence, in no event shall the aggregate amount of (1) assistance furnished to Greece under this Act, and (2) sales made to Greece under the Foreign Military Sales Act, in any fiscal year, exceed the aggregate amount expended for such assistance and such sales for the fiscal year 1971.]

* * * *

(x) *All military assistance, all sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), and*

all licenses with respect to the transportation of arms, ammunitions, and implements of war (including technical data relating thereto) to the Government of Turkey shall be suspended on the date of enactment of this subsection unless and until the President determines and certifies to the Congress that the Government of Turkey is making a substantial good faith effort to achieve a negotiated settlement with respect to Cyprus.

(y) (1) Except as provided in paragraph (2), all military assistance, all sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), and all licenses with respect to the transportation of arms, ammunition, and implements of war (including technical data relating thereto) to the Government of Chile under this or any other law shall be suspended for the period from the date of enactment of this subsection through the end of fiscal year 1975.

(2) Notwithstanding the provisions of paragraph (1), training may be furnished pursuant to the Foreign Assistance Act of 1961 in the United States or the Canal Zone to members of the armed forces of Chile in an amount not to exceed \$800,000 for fiscal year 1975.

(3) The provisions of subsection (y) (1) shall cease to apply when the President reports to the Congress that the Government of Chile has made and is continuing to make fundamental improvements in the observance and enforcement of internationally recognized human rights: Provided, That the total amount of credits furnished or guaranteed under the Foreign Military Sales Act, and of any disposal of vessels made in accordance with section 7307 of title X of the United States Code, to Chile during fiscal year 1975 shall not exceed \$10,000,000.

* * * * *

CHAPTER 2—ADMINISTRATIVE PROVISIONS

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SEC. 634. REPORTS AND INFORMATION.—(a) * * * [Repealed—1972]

* * * * *

(d) When requests are presented to the Congress for appropriations for fiscal year 1969 to carry out programs under this Act, the programs to be carried out with the funds appropriated for that fiscal year shall also be presented to the Committee on Foreign Relations of the Senate, if requested by the chairman of that committee, and to the Committee on Foreign Affairs of the House of Representatives, if requested by the chairman of that committee. At the end of each fiscal year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the fiscal year under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained

in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes, any such presentation material shall also include (1) a chart showing on a country-by-country basis the full extent of all United States assistance planned or expected for each such country for the next fiscal year, including economic assistance [and military grants and sales], *military grants (and including for any such grant of any excess defense article, the value of such article expressed in terms of its acquisition cost to the United States), and military sales* under this or any other Act and sales under the Agricultural Trade Development and Assistance Act of 1954, as amended, (2) details of proposed contributions by the United States to multilateral financial agencies, for the next fiscal year, and (3) a statement of projects, on a country-by-country basis for which financing was supplied during the last fiscal year through the Export-Import Bank. In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610(b), or 614(b) and of any findings, including his reasons therefor, under section 503 or 521(c).

* * * * *

[SEC. 639. FAMINE AND DISASTER RELIEF.—No provision of this Act shall be construed to prohibit assistance to any country for famine or disaster relief.]

SEC. 639. FAMINE OR DISASTER RELIEF.—Notwithstanding any other provision of this or any other Act, the President may provide famine or disaster relief assistance to any foreign country on such terms and conditions as he may determine. For fiscal year 1975 there is authorized to be appropriated not to exceed \$15,000,000, to provide such assistance. The President shall submit quarterly reports during such fiscal year to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and to the Speaker of the House of Representatives on the programing and obligation of funds under this section.

* * * * *

CHAPTER 3—MISCELLANEOUS PROVISIONS

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SEC. 653. CHANGE IN ALLOCATION OF FOREIGN ASSISTANCE.—(a) Not later than thirty days after the enactment of any law appropriating funds to carry out any provision of this Act (other than sections 451 or 637), the President shall notify the Congress of each foreign coun-

try and international organization to which the United States Government intends to provide any portion of the funds under such law and of the amount of funds under that law, by category of assistance, that the United States Government intends to provide to each. [Notwithstanding any other provision of law, the United States Government shall not provide to any foreign country or international organization any funds under that law which exceeds by 10 per centum the amount of military grant assistance or security supporting assistance, as the case may be, which the President notified the Congress that the United States Government intended to provide that country or organization under that law, unless the President (1) determines that it is in the security interests of the United States that such country or organization receive funds in excess of the amount included in such notification for that country or organization, and (2) reports to Congress, at least ten days prior to the date on which such excess funds are to be provided to that country or organization, each such determination, including the name of the country or organization to receive funds in excess of such per centum, the amount of funds in excess of that per centum which are to be provided, and the justification for providing the additional assistance.]

(b) Notwithstanding any other provision of law, no military grant assistance, security supporting assistance, assistance under chapter 1 of part I of this Act, or assistance under part V of this Act, may be furnished to any country or international organization in any fiscal year, if such assistance exceeds by 10 percent or more the amount of such military grant assistance, security supporting assistance, assistance under chapter 1 of part I of this Act, or assistance under part V of this Act, as the case may be, set forth in the report required by subsection (a) of this section, unless—

(1) the President reports to the Congress, at least thirty days prior to the date on which such excess funds are provided, the country or organization to be provided the excess funds, the amount and category of the excess funds, and the justification for providing the excess funds; and

(2) in the case of military grant assistance or security supporting assistance, the President includes in the report under paragraph (1) his determination that it is in the security interests of the United States to provide the excess funds.

This subsection shall not apply if the excess funds provided in any fiscal year to any country or international organization for any category of assistance are less than \$1,000,000.

[(b)] (c) The provisions of this section shall not apply in the case of any law making continuing appropriations and may not be waived under the provisions of section 614(a) of this Act.

* * * * *

SEC. 656. LIMITATIONS ON UNITED STATES PERSONNEL AND PERSONNEL ASSISTED BY UNITED STATES IN CAMBODIA.—The total number of civilian officers and employees of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States (excluding such mem-

bers while actually engaged in air operations in or over Cambodia which originate outside Cambodia) present in Cambodia at any one time shall not exceed two hundred. The United States shall not, at any time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eighty-five individuals in Cambodia who are citizens of countries other than Cambodia or the United States. For purposes of this section, "executive agency of the United States Government" means any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment within the executive branch of the United States Government. *This section shall not be construed to apply to employees of United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid or to employees of the International Committee of the Red Cross.*

* * * * *

SEC. 659. REIMBURSABLE DEVELOPMENT PROGRAMS.—The President is authorized to use up to \$2,000,000 of the funds made available for the purposes of this Act in each of the fiscal years 1975 and 1976 to work with friendly countries, especially those in which United States development programs have been concluded or those not receiving assistance under part I of this Act, in (1) facilitating open and fair access to natural resources of interest to the United States and (2) stimulation of reimbursable aid programs consistent with part I of this Act. Any funds used for purposes of this section may be used notwithstanding any other provision of this Act.

SEC. 660. LIMITATION ON INTELLIGENCE ACTIVITIES.—(a) No funds appropriated under the authority of this or any other Act may be expended by or on behalf of the Central Intelligence Agency for operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, unless the President finds that each such operation is important to the national security of the United States and reports, in a timely fashion, a description and scope of such operation to the appropriate committees of the Congress, including the Committee on Foreign Relations of the United States Senate and the Committee on Foreign Affairs of the United States House of Representatives.

(b) The provisions of subsection (a) of this section shall not apply during military operations initiated by the United States under a declaration of war approved by the Congress or an exercise of powers by the President under the War Powers Resolution.

PART V

* * * * *

[SEC. 802. AUTHORIZATION.—There are authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to funds otherwise available for such purposes, for the fiscal 1974 not to exceed \$504,000,000, which amount is authorized to remain available until expended.**]**

SEC. 802. AUTHORIZATION.—(a) There are authorized to be appropriated to the President to furnish assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos as authorized by this part for the fiscal year 1974 not to exceed \$504,000,000, and for the fiscal year 1975 not to exceed \$573,400,000, which amounts are authorized to remain available until expended.

(b) No assistance may be provided to South Vietnam, Cambodia, or Laos under part I (including chapter 4 of part II) of this Act. This prohibition may not be waived under section 614(a) of this Act or any other provision of law unless (1) the President, at least thirty days prior to the proposed waiver, submits to the Congress a statement containing the amount and source of the funds to be used under part I (including chapter 4 of part II), the use to which the funds are to be put, and his reasons for the use of the funds, and (2) during such thirty-day period the Congress does not by concurrent resolution disapprove the provision of such assistance.

(c) The authority of section 610(a) of this Act may not be used to transfer funds into this part unless (1) the President, at least thirty days prior to the proposed transfer, determines and reports to the Congress that the transfer is important to the security of the United States and includes in his report the amount and source of the funds to be transferred, the use to which the funds are to be put, and his reasons why the transfer is important to the security of the United States, and (2) during such thirty-day period the Congress does not by concurrent resolution disapprove the transfer.

(d) In addition to whatever funds may be made available under subsection (a) for the purposes of this subsection, there is also authorized to be appropriated \$27,700,000 for United States contributions to the International Commission of Control and Supervision of the Vietnam Peace Agreement.

SEC. 803. ASSISTANCE TO SOUTH VIETNAMESE CHILDREN.—(a) It is the sense of the Congress that inadequate provision has been made (1) for the establishment, expansion and improvement of day care centers, orphanages, hostels, school feeding programs, health and welfare programs, and training related to these programs which are designed for the benefit of South Vietnamese children, disadvantaged by hostilities in Vietnam or conditions related to those hostilities, and (2) for the adoption by United States citizens of South Vietnamese children who are orphaned or abandoned, or whose parents or sole surviving parent, as the case may be, has irrevocably relinquished all parental rights, particularly children fathered by United States citizens.

(b) The President is, therefore, authorized to provide assistance, on terms and conditions he considers appropriate, for the purposes described in clauses (1) and (2) of subsection (a) of this section. Of the funds appropriated pursuant to section 802 for fiscal year 1974, \$5,000,000, and for fiscal year 1975, \$10,000,000, or its equivalent in local currency, shall be available until expended solely to carry out this section. Not more than 10 per centum of the funds made available to carry out this section may be expended for the purposes referred to in clause (2) of subsection (a). Assistance provided under this section shall be furnished, to the maximum extent practicable, under the

auspices of and by international agencies or private voluntary agencies.

* * * * *

PART VI

SEC. 901. STATEMENT OF POLICY.—*The Congress recognizes that a peaceful and lasting resolution of the divisive issues that have contributed to tension and conflict between nations in the Middle East is essential to the security of the United States and the cause of world peace. The Congress declares and finds that the United States can and should play a constructive role in securing a just and durable peace in the Middle East by facilitating increased understanding between the Arab nations and Israel, and by assisting the nations in the areas in their efforts to achieve economic progress and political stability, which are the essential foundations for a just and durable peace. It is the sense of Congress that United States assistance programs in the Middle East should be designed to promote mutual respect and security among the nations in the area and to foster a climate conducive to increased economic development, thereby contributing to a community of free, secure, and prospering nations in the Middle East.*

It is further the sense of Congress that none of the funds authorized by this Act should be provided to any nation which denies its citizens the right or opportunity to emigrate.

SEC. 902. ALLOCATIONS.—(a) *Of the funds appropriated to carry out chapter 2 of part II of this Act, during the fiscal year 1975 up to \$200,000,000 may be made available for military assistance in the Middle East, of which not less than \$100,000,000 shall be made available for Israel.*

(b) *Of the funds appropriated to carry out chapter 4 of part II of this Act, during the fiscal year 1975 up to \$577,500,000 may be made available for security supporting assistance in the Middle East, of which not less than \$250,000,000 shall be made available for Israel and not less than \$250,000,000 shall be made available for Egypt.*

(c) *Of the aggregate ceiling on credits and guaranties established by section 31(b) of the Foreign Military Sales Act, during the fiscal year 1975 up to \$230,000,000 shall be available for countries in the Middle East, of which not less than \$200,000,000 shall be made available for Israel.*

SEC. 903. (a) SPECIAL REQUIREMENTS FUND.—*There are authorized to be appropriated to the President for the fiscal year 1975 not to exceed \$100,000,000 to furnish assistance under part I of this Act to meet special requirements arising from time to time in carrying out the purposes of this part, in addition to funds otherwise available for such purposes. The funds authorized to be appropriated by this section shall be available for use by the President for assistance authorized by such part in accordance with the provisions applicable to the furnishing of such assistance. Such funds are authorized to remain available until expended.*

(b) *The President may only obligate or expend, for each foreign country or international organization, funds authorized under this section—*

(1) after he reports to the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate concerning (A) the name of such foreign country or international organization, (B) the amount of such funds to be made available to such country or organization, and (C) the purpose for which such funds are to be made available to such country or organization; and

(2) unless the Congress, within thirty legislative days after receiving any report under paragraph (1), adopts a concurrent resolution stating in substance that it does not favor the provisions of the report provided by clauses (A), (B), and (C) of paragraph (1).

(c) Of the amount authorized under subsection (a), not less than \$6,000,000 shall constitute a contribution by the United States toward the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East, if the President determines that a reasonable number of other countries will contribute a fair share toward the settlement of such deficit within a reasonable period of time after the date of enactment of the Foreign Assistance Act of 1974. In determining such fair share, the President shall take into consideration the economic position of each such country. Such \$6,000,000 shall be in addition to any other contribution to such Agency by the United States pursuant to any other provision of law.

FOREIGN MILITARY SALES ACT

* * * * *

CHAPTER 1—FOREIGN AND NATIONAL SECURITY POLICY OBJECTIVES AND RESTRAINTS

* * * * *

SEC. 3. ELIGIBILITY.—(a) * * *

* * * * *

(d) [No sophisticated weapons, including sophisticated jet aircraft or spare parts and associated ground equipment for such aircraft, shall be furnished under this or any other Act to any foreign country on or after the date that the President determines that such country has violated any agreement it has made in accordance with paragraph (2) of subsection (a) of this section or section 505(a) of the Foreign Assistance Act of 1961 or any other provision of law requiring similar agreements. Such country shall remain ineligible in accordance with this subsection]. A country shall remain ineligible in accordance with subsection (c) of this section until such time as the President determines that such violation has ceased, that the country concerned has given assurances satisfactory to the President that such violation will not [reoccur] recur, and that, if such violation involved the transfer of sophisticated weapons without the consent of the President, such weapons have been returned to the country concerned.

* * * * *

CHAPTER 2—FOREIGN MILITARY SALES AUTHORIZATIONS

* * * * *

SEC. 24. GUARANTIES.—(a) The President may guarantee any individual, corporation, partnership, or other juridical entity doing business in the United States (excluding United States Government agencies *other than the Federal Financing Bank*) against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles and defense services to friendly countries and international organizations. Fees shall be charged for such guaranties.

(b) The President may sell to any individual, corporation, partnership, or other juridical entity (excluding United States Government agencies *other than the Federal Financing Bank*) promissory notes issued by friendly countries and international organizations as evidence of their obligations to make repayments to the United States on account of credit sales financed under section 23, and may guarantee payment thereof.

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CHAPTER 3—MILITARY EXPORT CONTROLS

SEC. 31. AUTHORIZATION AND AGGREGATE CEILING ON FOREIGN MILITARY SALES CREDITS.—(a) There is hereby authorized to be appropriated to the President to carry out this Act not to exceed **[\$325,000,000]** **\$405,000,000** for the fiscal year **[1974]** **1975**. Unobligated balances of funds made available pursuant to this section are hereby authorized to be continued available by appropriations legislation to carry out this Act.

(b) The aggregate total of credits, or participations in credits, extended pursuant to this Act and of the principal amount of loans guaranteed pursuant to section 24(a) shall not exceed **[\$730,000,000]** for the fiscal year 1974, of which amount not less than \$300,000,000 shall be available to Israel only **\$772,500,000 for the fiscal year 1975, of which not less than \$200,000,000 shall be made available for Israel.**

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SEC. 33. REGIONAL CEILINGS ON FOREIGN MILITARY SALES.—**[(a)]** The aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, as amended, of credits, or participations in credits, financed pursuant to section 23 of the principal amount of loans guaranteed pursuant to section 24(a), and of loans and sales in accordance with section 7307 of title 10, United States Code, shall, excluding training, not exceed \$150,000,000 in each fiscal year for Latin American countries.

[(b)] (a) The aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, as amended, of credits, or participations in credits, financed pursuant to section 23, of the principal amount of loans guaranteed pursuant to section 24(a), shall, excluding training, not exceed \$40,000,000 in each fiscal year for African countries.

(b) *The President may waive the limitations of this section when he determines it to be important to the security of the United States*

and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.

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SEC. 35. FOREIGN MILITARY SALES TO LESS DEVELOPED COUNTRIES.—
(a) When the President finds that any economically less developed country is diverting development assistance furnished pursuant to the Foreign Assistance Act of 1961, as amended, or sales under the Agricultural Trade Development and Assistance Act of 1954, as amended, to military expenditures, or is diverting its own resources to unnecessary military expenditures, to a degree which materially interferes with its development, such country shall be immediately ineligible for further sales and guarantees under sections 21, 22, 23, and 24, until the President is assured that such diversion will no longer take place. [(b) The President shall transmit to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate semiannual reports of sales, and guaranties, to economically less developed countries, under sections 21, 22, 23, and 24, disclosing in detail the countries extended sales guaranties and credits and the terms and conditions of such sales, guaranties and credits; concurrently the President shall transmit semiannual reports of forecasts of sales and of guaranty and credit applications and anticipated guaranty and credit extensions to economically less developed countries for the current fiscal year.]

SEC. 36. REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS.—(a) *The President shall submit to the Speaker of the House of Representatives and to the Chairman of the Committee on Foreign Relations of the Senate quarterly reports containing—*

(1) *A listing of all letters of offer to sell any defense article or service under this Act, if such offer has not been accepted or cancelled;*

(2) *a cumulative listing of all such letters of offer to sell that have been accepted during the fiscal year in which such report is submitted;*

(3) *the cumulative dollar amounts, by foreign country and international organization, of credit sales under section 23 and guaranty agreements under section 24 made before the submission of such quarterly report and during the fiscal year in which such report is submitted; and*

(4) *projections of the cumulative dollar amounts, by foreign country and international organization, of credit sales under section 23 and guaranty agreements under section 24 to be made in the quarter of the fiscal year immediately following the quarter for which such report is submitted.*

For each letter of offer to sell under paragraphs (1) and (2), the report shall specify (A) the foreign country or international organization to which the defense article or service is offered, (B) the dollar amount of the offer to sell under paragraph (1) or of the completed sale under paragraph (2), (C) a brief description of the defense article or service offered, (D) the United States armed force which is making the offer to sell, (E) the date of such offer, and (F) the date of any acceptance under paragraph (2).

(b) *In the case of any letter of offer to sell any defense articles or services under this Act for \$25,000,000 or more, before issuing such letter of offer the President shall submit to the Speaker of the House of Representatives and to the Chairman of the Committee on Foreign Relations of the Senate a statement with respect to such offer to sell containing the information specified in subparagraphs (A) through (E) in subsection (a). The letter of offer shall not be issued if the Congress, within twenty legislative days after receiving any such statement, adopts a concurrent resolution stating in effect that it objects to such proposed sale, unless the President in his statement certifies that an emergency exists which requires such sale in the national security interests of the United States.*

(c) *Nothing in this section shall be construed as modifying in any way the provisions of section 414 of the Mutual Security Act of 1954, as amended, relating to munitions control.*

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SECTION 8 OF THE ACT OF JANUARY 12, 1971

AN ACT To amend the Foreign Military Sales Act, and for other purposes.

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Sec. 8. (a) Subject to the provisions of subsection (b), the value of any excess defense article granted to a foreign country or international organization under part II of the Foreign Assistance Act of 1961 shall be considered to be an expenditure made from funds appropriated under that Act for military assistance. When an order is placed under the military assistance program with the military departments for a defense article whose stock status is excess at the time ordered, a sum equal to the value thereof shall (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is cancelled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article or (B) to the military assistance appropriation for the current fiscal year upon cancellation of the order. Such sum shall be transferred to the military assistance appropriation for the current fiscal year upon delivery of such article if at the time of delivery the stock status of the article is determined, in accordance with sections 644 (g) and (m) of the Foreign Assistance Act of 1961, to be nonexcess.

(b) The provisions of subsection (a) shall apply during any fiscal year only to the extent that the aggregate value of excess defense articles ordered during that year exceeds \$100,000,000.

(c) For purposes of this section, "value" means not less than 33 1/3 per centum of the amount the United States paid at the time the excess defense articles were acquired by the United States; *except that for any excess defense article such term shall not include a value for any such article which is less than 33 1/3 percent of the amount the United States paid for such article when the United States acquired it.*

FIRST SECTION OF THE ACT OF MAY 7, 1928

CHAPTER 505

AN ACT To authorize a permanent annual appropriation for the maintenance and operation of the Gorgas Memorial Laboratory

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby authorized to be permanently appropriated for each year, out of any money in the Treasury not otherwise appropriated, the sum of not to exceed **[\$500,000] \$2,000,000**, to be paid to the Gorgas Memorial Institute of Tropical and Preventive Medicine, Incorporated (hereinafter referred to as the Gorgas Memorial Institute), for the maintenance and operation by it, of a laboratory to be known as the Gorgas Memorial Laboratory, upon condition (1) that the necessary building or quarters for said laboratory shall be constructed within the five years next ensuing after this Act shall become a law, either upon the site offered by the Republic of Panama therefor, at, or adjacent to, the city of Panama, or upon a site in the Canal Zone to be provided by the United States; and (2) that the said Gorgas Memorial Institute be, and it is hereby, authorized within its discretion, henceforth to accept from any of the Latin American Governments, or from any other sources, any funds which may be offered or given for the use of the Gorgas Memorial Institute for the maintenance and operation of the Gorgas Memorial Laboratory, and for carrying on the work of said Laboratory wherever deemed by the said Institute to be necessary or desirable.

OPPOSING VIEWS OF HON. DONALD M. FRASER

Every year until this year I have voted for foreign assistance bills in committee and on the floor of the House, but always with strong reservations against many of the provisions for military assistance. I continue to believe that the United States has a major responsibility to provide economic and humanitarian assistance to the developing countries. However, I cannot support this bill because the executive branch has made it abundantly clear that it intends to give the maximum amount of military aid no matter how cruelly repressive recipient governments might be.

South Korea is a case in point. Of all the military allies of the United States, surely South Korea under Park Chung Hee today is the most repressive and thoroughly antidemocratic. Its former constitution has been dumped and replaced by a new one imposed on the people under martial law. The President, with the power to take "necessary emergency measures", made it a crime to advocate revision of the constitution, and for students to engage in political activity or to refuse to attend classes or examinations "without justification." The press has been placed under strict censorship and the writ of habeas corpus has been suspended. Approximately 200 persons, including democratic political and religious leaders, have been convicted under the emergency decrees, many receiving death sentences or long prison terms after secret trials by military tribunals. President Park lifted two of the emergency decrees in September of this year, but those convicted under them remain in prison. If I were a leader in North Korea, I could think of no more favorable course of events for the North than what Park has been doing in the South. And as a Member of the U.S. Congress I can think of little that is more adverse to the interests of my country than to contribute to Park's repression.

The Department of State, in testimony before the Committee on Foreign Affairs, concluded that:

For the past 2 years the trend in Korea has been toward an authoritarian mode of government. Institutional means of dissent have been rendered powerless and efforts to express opposition have been suppressed through a series of emergency decrees.

The U.S. Government openly acknowledges the fact of severe repression in South Korea, but how does it respond to it? By requesting Congress to *increase* military assistance to the Park regime. The Committee on Foreign Affairs, unwisely, has complied. After the committee had adopted an amendment cutting \$61.5 million from the executive branch request for grant military assistance to South Korea, the State Department—not to be denied—sent word explaining how the purpose of the amendment could be subverted. In a memo for some members of the committee, the Department indicated that it would be able to do as it pleased in South Korea:

(73)

... so long as no restrictions were placed on foreign military credit sales to the Republic of Korea: the increasing ability of the Government of the Republic of Korea to purchase items for its defense would probably permit the items in the military assistance program shortfall ... to be funded by foreign military credit sales.

Thereupon the committee voted not to impose any restrictions on foreign military credit sales to South Korea, effectively emasculating the amendment on reduction of grant military assistance.

If military aid to a repressive South Korea were an isolated example, opposition to this bill might not be justified. But regrettably, it is part of a continuing pattern. For fiscal year 1975, the administration requested a total of \$2.6 billion in military assistance for 34 countries under authoritarian rule—civilian and military. During the past 20 years, 14 governments receiving U.S. military aid have been taken over by military dictatorships. The aid continued in each case. The Secretary of Defense contends that military assistance is necessary for "maintaining regional stability in key areas." It has certainly not brought that result in India and Pakistan, in the Middle East, in Southeast Asia or in Cyprus. On the contrary, a strong argument can be made that American military aid has actually intensified conflicts in those areas. And the "stability" under which the people of South Korea are now suffering is hardly a proud achievement for U.S. policy.

Recently, I joined 104 other Members of Congress in a letter to the Secretary of State which stated:

Unless U.S. foreign aid policies—especially military assistance policies—more accurately reflect the traditional commitment of the American people to promote human rights, we will find it increasingly difficult to justify support for foreign aid legislation to our constituents. We cannot, in good conscience, associate ourselves with policies which lack active concern about the fate of people living under oppressive governments. While it may be beyond our power to alleviate the plight of those people, we can refuse to be identified with their oppressors.

Shortly after this letter was sent, the press reported that Secretary Kissinger had reprimanded the U.S. Ambassador to Chile for raising the matter of human rights violations in a discussion with Chilean officials on military assistance. Kissinger was quoted as telling the Ambassador to "cut out the political science lectures."

The Foreign Military Sales Act already contains a provision against supportive relations with repressive governments except in the most extraordinary circumstances involving U.S. national security. Our Government has not heeded the expressed will of Congress in this act.

The policy of the United States should be to provide military assistance to democratic nations under a clear external threat of aggression. Military aid to repressive governments betrays both the American people and the people living under those governments.

I am opposed to this bill. The cynical policies of the executive branch leave no alternative. I urge my colleagues to join me in making a signal that foreign policy must be humanized.

DONALD M. FRASER.

SEPARATE VIEWS OF HON. BENJAMIN S. ROSENTHAL

Section 21 of title III would suspend military assistance to Turkey until the President certifies that Turkey is making "substantial good faith efforts to reach a negotiated settlement" on Cyprus.

I oppose this section because it ignores the illegal nature of our present military assistance to Turkey; this section also confirms, instead of refuting, the bias in our Cyprus policy which favors Turkey.

Finally this section is outdated by the overwhelming House votes of 307-90, on September 24; of 291-69, on October 7; and of 191 to 33 on October 17 which approved a suspension of military aid to Turkey until that country is in compliance with the Foreign Assistance Act, the Foreign Military Sales Act and any agreements made under those laws, and until the President certifies that "substantial progress" has been made toward an agreement regarding military forces in Cyprus. The President has signed into law House Joint Resolution 1167 which embodies these provisions.

Since the language used in the committee amendment was overwhelmingly rejected by the House votes cited in favor of the stronger version which those votes approved, I will propose, when this bill comes to the House floor, a substitution of the version accepted by both the Congress and the President for the weaker provision contained in the committee's version.

BENJAMIN S. ROSENTHAL.

(75)

SUPPLEMENTAL VIEWS OF HON. LESTER L. WOLFF

It was my intention to offer an amendment to this bill which would have required the President to suspend all economic and military assistance to Turkey unless and until that country reinstituted the ban on opium poppy cultivation.

I have decided to postpone this action for the time being, however.

On August 2, 1974, the House unanimously passed House Concurrent Resolution 507 which I introduced on May 30, 1974.

The purpose of House Concurrent Resolution 507 is to express the concern of the Congress over the recent decision of the Government of Turkey to rescind the ban on the cultivation of opium poppies. The resolution calls upon the President to initiate negotiations implemented to safeguard effectively the United States from a renewed flow of illicit opium and its derivatives originating in Turkey. The resolution further states that if such negotiations fail, the President should exercise the authorization of the Foreign Assistance Act to suspend all assistance to the Government of Turkey.

It is my understanding that the negotiations called for in the resolution have been ongoing and have produced an agreement to ban opium gum production. This should substantially reduce the danger of illicit heroin from entering the United States.

Although the Government of Turkey has not reinstituted a total ban on opium poppy cultivation, it has prohibited the incising of the opium poppy. This means that opium cannot be extracted from the poppy pods at the farm and will have to be produced through a complicated "straw" process at a central plant. Properly controlled, supervised and monitored, this procedure should reduce and, possibly eliminate, the illegal production of and trafficking in opium.

I have some reservations however, that the poppy straw method will result in the elimination of illegal opium production in Turkey. Nevertheless, I am willing to give the Government of Turkey a limited time to demonstrate whether it has the capability and the will to stop opium gum production. If it develops that illicit opium is being produced in Turkey and heroin originating from Turkish poppies again begins to flow into the United States, then I shall introduce legislation to require the President to suspend all economic and military assistance to Turkey.

LESTER L. WOLFF.

(76)

ADDITIONAL VIEWS OF HON. MICHAEL J. HARRINGTON

While I reluctantly support this bill, I remain skeptical about the generally uncritical acceptance of military assistance as a cornerstone of our Nation's foreign policy that is reflected by this legislation. Still, the lengthy and sometimes painful process of developing this much-amended foreign aid bill reveals both strengths and weaknesses in the performance of the legislative branch in the area of foreign affairs.

It should not be overlooked that the great majority of amendments adopted represent positive steps to reassert the authority of Congress over specific foreign policy issues as well as over the manner in which the executive branch spends foreign aid funds. The amendments which limit the discretionary authorities of the executive branch, by specifically providing Congress with a disapproval mechanism over certain types of assistance programs, should be recognized as an indication of growing congressional frustration at the increasing tendency of the executive branch to ignore the statutes enacted by Congress.

I remain unconvinced that the Foreign Affairs Committee has given the basic issues of foreign military and development assistance the careful and exhaustive examination these programs urgently require.

While the committee has succeeded in trimming down the administration's overall request by approximately \$600 million (while increasing aid to Israel by about \$200 million), the significance of these apparent economies should not be overstated. Even at the level reported out by the committee, the bill is \$746.3 million more than was appropriated in fiscal 1974 for the same aid categories, including increases of \$123 million in Indochina postwar reconstruction, \$295 million in grant military assistance (MAP), and \$80 million in foreign military credit sales.

Furthermore, the significance of those provisions which limit the Executive's ability to transfer funds among programs and to disperse funds in particularly sensitive areas should also not be overstated. The mechanism adopted, allowing Congress an opportunity to veto proposed aid of certain types, remains unproven and could well be more illusory than genuine.

I remain troubled with what I view to be the continuing reluctance of the committee to play an affirmative role in the shaping and conduct of foreign policy. The committee continues to accept with minor modifications basic premises of foreign aid, as reflected in this bill, which have been unchanged for many years and are now of doubtful relevance. Specifically, we continue to adhere to the policy—if in fact it is not expanded by this bill—that the principal way for the United States to secure its interests and exert its influence throughout the world is through massive military assistance to "friendly" govern-

ments. Our foreign policy is heavily militarized; \$1.15 billion of the \$2.6 billion in this bill goes directly to military assistance, \$585 million is for the military-related "security supporting assistance" program, and \$573 million is slated for our combatant allies in Southeast Asia. If this bill is to be criticized for "waste"—it is waste in our military assistance program, because that is where the bulk of the money is going.

Congress must examine whether or not any effective purpose is served by the continuing emphasis on a militarized foreign policy, or whether the enmity visited upon us because of our global support of dictatorships and repressive regimes is too high a price to pay for the interests we protect with the current doctrine. Too often we provide the might that buttresses governments whose practices are inimical and abhorrent to the principles of our own. This practice, it seems to me, has failed time and time again. Yet it continues, even in this current foreign aid bill.

Congress should ask itself how much its own timidity and proclivity towards acquiescence has contributed to the continuing decline of America's positive influence in the world. More is needed than a warmed-over military assistance bill, even one with provisions which in isolation I find desirable, but which viewed in totality fall short of the mark of the duty I believe that Congress has failed to perform.

MICHAEL J. HARRINGTON.

MINORITY VIEWS OF HON. H. R. GROSS

For 26 years I have listened to the annual rendition of "I Can't Give You Anything But Dollars, Baby" by the wandering troubadours of the committee. The music gets progressively scratchier and the words more jumbled. But it's the spirit of the tune that counts—an undiminished enthusiasm to put out international fires by pouring greenbacks on the flames.

First, let's get the arithmetic of this bill straight. It authorizes \$2.6 billion for fiscal year 1975. It neglects to mention that Congress has already authorized \$900 million for this fiscal year in last year's legislation. What we're dealing with in this one part of foreign aid is \$3.5 billion. That's the kind of bookkeeping that could get a private citizen in jail.

But forget the dollars—if you can. Think of the committee's contributions to foreign policy. Its statesmen read the daily headlines and make foreign policy off the seat of their pants. The committee issues stern warnings to some and withholds dollars to punish others. It doles out dollars to reward the good and to encourage the errant to mend their ways.

Israel is a clear favorite this year. Korea which had shared top honors with Israel for a few years slipped this year as did South Vietnam and India. Egypt, long ago fallen from the committee's grace, is restored and gives signs of moving up in its favor. And if Syria meets the committee's standards, it can get some money from the Special Requirements Fund. That's a euphemism for the administration's pocket money.

Greece is making a comeback while Turkey is definitely down. We've already shipped those countries enough military equipment to let them put on a rerun of the old Balkan wars. Only this time it is playing in the suburbs of Cyprus. Turkey's ahead at the moment so we have to tilt toward Greece. None of this, of course, will help the poor Cypriots. They can find consolation, however, that we will rebuild the battlefields.

The committee made an amazing discovery this year that Chile is short on human rights under a rightist regime. Fortunately for that country the committee did not make a similar discovery when it was under a leftist regime. If the committee only had more time, it might have discovered the absence of human rights in some of our other clients such as Pakistan, the Philippines, Ethiopia, and Iran—to name only a few. Application of the human rights test on a world-wide basis would certainly save the taxpayers a lot of money.

This crazy quilt legislation is getting us into more trouble at more expense each year. It's about time we quit kidding ourselves that we can remake the world and police it at the same time.

I leave Congress with an unblemished record of opposition to foreign aid. If I could have but one epitaph on my grave it would be a simple one: Foreign aid was always cheaper by the Gross.

H. R. Gross.

**SUPPLEMENTAL VIEWS OF HON. EDWARD J.
DERWINSKI**

I voted to increase the authorizations for Israel that are in this bill. The diligent efforts of Secretary Kissinger have brought a cease-fire in the Middle East but the danger of conflict still exists. Israel can only survive this difficult period of uneasy quiet if it is strong. The real danger to Israel comes from those of her Arab neighbors whose radical governments are supplied by the Soviet Union and from guerrilla groups inspired and supplied by the Chinese Communists.

The committee's commendable understanding of Israel's position unfortunately did not carry over to other countries in other areas where the danger to national survival is no less pressing. Consistency in policy would require continued strong support for South Vietnam and Korea where the committee's action fell short of what I believe to be necessary support.

The committee is deeply distressed by the absence of human rights in certain countries. Chile with its right-leaning junta was singled out for condemnation. But Peru with its left-leaning junta was omitted. Human rights do not flourish under any dictatorship. I find it difficult to follow the committee's ability and willingness to pick and choose which governments are denying or trampling on human rights.

It is this double standard that undoubtedly is causing an increasing number of Members of Congress to raise serious questions about the objectives of our foreign aid program. If this practice continues, I would not be surprised to see the boom lowered on the entire program.

EDWARD J. DERWINSKI

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